

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

IPCOM GMBH & CO. KG,)	Case No. 2:20-cv-00322
)	(LEAD CASE)
Plaintiff,)	
)	
vs.)	
)	
AT&T, INC., et al.)	
)	
VERIZON COMMUNICATIONS, INC.,)	Case No. 2:20-cv-00323
et al.)	(MEMBER CASE)
)	
Defendants.)	
)	
NOKIA OF AMERICA CORPORATION,)	
)	
ERICSSON, INC.,)	
)	
Intervenors.)	
)	

PRETRIAL CONFERENCE

BEFORE THE HONORABLE RODNEY GILSTRAP

FEBRUARY 28, 2022
Day 1 of 2

10:00 a.m.

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1 JUDGE GILSTRAP: Be seated, please.

2 All right. This is the time set for pretrial matters
3 in the case of IPCom vs. AT&T; Nokia America; Ericsson,
4 Inc.; Verizon Communications. This pretrial conference
5 involves case No. 2:20-cv-322, which is designated as the
6 lead case in this consolidated series of two cases, and the
7 member case being Case No. 2:20-cv-323.

8 The Court will call for announcements at this time.
9 What says the plaintiff, IPCom?

10 MR. EVERINGHAM: Good morning, Your Honor. May it
11 please the Court, Chad Everingham and Claire Henry are here
12 from the Ward, Smith & Hill firm, and we're joined by our
13 co-counsel from the Dechert firm, Mr. Marty Black, Jeff
14 Plies, Sharon Gagliardi, Michael Fisher, and on the pew
15 back there, Mr. Jeff Edwards. And we're ready proceed.

16 JUDGE GILSTRAP: All right. Thank you, Counsel.
17 What's the announcement for the defendants? Let's
18 start with AT&T.

19 MR. BAXTER: Good morning, Your Honor. Sam Baxter,
20 McKool Smith, along with Nick Mathews, Josh Budwin,
21 Jonathan Powers, Matt Folks, and in-house from AT&T, Tim
22 Dill and Lon Howton. That would do it for AT&T, except,
23 Your Honor, because of we now have mixed representation,
24 I'll let Mr. Stevenson introduce himself and his others.
25 We also represent Ericsson, Your Honor, the same crowd.

1 JUDGE GILSTRAP: All right.

2 MR. BAXTER: Along with Jennifer Wells who's in-house
3 with Ericcson who's here today.

4 JUDGE GILSTRAP: All right. Thank you. Let me hear
5 announcements for Nokia.

6 MR. STEVENSON: Good morning, Your Honor. Ted
7 Stevenson with Alston & Bird for Nokia and Ericcson. And
8 with me are Michael Deane, Emily Welch, John Haynes, Wes
9 Ahey, and our client representative for Nokia is Chris
10 Godziela. And Jennifer Wells is here for Ericcson. And we
11 are ready to proceed.

12 JUDGE GILSTRAP: All right. Thank you. Do we have
13 other announcements?

14 MS. DOAN: Good morning, Your Honor. For Verizon
15 Jennifer Doan and Kyle Akin. With us here today are Mr.
16 Brian Pandya. Our lead counsel, Kevin Anderson, our client
17 Sandjeev Mehta, and we're ready to proceed, Your Honor.

18 JUDGE GILSTRAP: All right. Thank you.

19 Have I missed anybody? Doesn't appear that I have.
20 Okay.

21 Counsel, before we get into the disputed dispositive
22 motions and then move on to the disputed motions in limine,
23 and then finally on to the disputed exhibits, let me cover
24 some housekeeping matters with you.

25 As you're aware, this case is set for jury selection

1 and trial on April the 4th of this year. I intend to seat
2 eight jurors to hear this case, and each side will be
3 afforded four preemptory challenges. Each side will be
4 afforded 30 minutes to examine the venire panel. As is the
5 Court's practice, you may use, but you're not required to
6 use up to, but not more than three minutes of your time on
7 the front end to give a very high level non-argumentative
8 bare bones sketch of what's at issue for the panel and
9 their benefit. Keep it non-argumentative or I will
10 intervene and limit it to not more than three minutes if
11 you choose to do that.

12 Also, Counsel, so you'll know, we have the entirety
13 of the day set aside on my calendar for today, and I have
14 until noon, or I have a half a day tomorrow, and we may
15 well use every bit of it. There's quite a bit before the
16 Court for pretrial in these matters, but we will move as
17 expeditiously as we can.

18 After the jury's selected and seated, we'll proceed
19 to trial. Each side is going to be afforded 14 hours per
20 side to put on their evidence. That does not include jury
21 selection, opening statements or closing arguments. Each
22 side will be afforded 30 minutes per side for opening
23 statements and 40 minutes per side for closing arguments.

24 Throughout the trial process, as is reflected in the
25 pretrial order, the Court requires that you meet and

1 confer, more or less without ceasing, as to any issue that
2 may arise. And if there are disputes that develop as a
3 part of that disclosure and meet and confer obligation,
4 during the trial, then you're to advise my staff not later
5 than 10:00 p.m. the night before such issues would arise
6 before the jury. You're to continue meeting and conferring
7 after that. And if by 7:00 a.m. the next morning you have
8 not resolved such issues, then at 7:00 a.m. you are
9 directed to deliver to chambers a three-ring binder
10 containing printed copies of the actual items that are at
11 issue, be it demonstrative exhibits, or whatever it is,
12 together with a supporting single paragraph from each side
13 as to your position on that dispute or those disputes.

14 I'll then meet with you in chambers by 7:30, and
15 we'll use the intervening hour until 8:30, if necessary, to
16 resolve and give you guidance on those overnight disputes.
17 It's my plan each day after the first day to bring the jury
18 in by 8:30 and begin that day's portion of the trial. That
19 schedule and the time between 7:30 and 8:30 each morning to
20 take up and give you guidance on overnight disputes is
21 intended by the Court to maximize the effective use of your
22 designated trial time. It's a burden on the Court, but I
23 believe it makes for a smoother and less disjointed
24 presentation of the evidence. It also, as I say, should
25 substantially maximize your designated trial time.

1 If you have disputes regarding witnesses who are
2 going to appear by deposition, whether they're deposition
3 designations or counter-designations, those needs to be
4 brought to me not later than the day before the day they're
5 going to be presented. I don't want to have a unintended
6 delay because there's time needed to recut videos or other
7 things that could be done in advance. So bring me any
8 deposition disputes or counter-designation disputes not
9 later than the day before the day they are intended to be
10 presented.

11 After all the evidence has been presented, the Court
12 will consider and take up motions either side wishes to
13 offer pursuant to Rule 50(a) of the Federal Rules of Civil
14 Procedure. I will not hear those at the time plaintiff
15 rests their case in chief, but I'll hear those after both
16 plaintiff has rested its case in chief, defendant has
17 rested its case in chief, and plaintiff's rested any
18 rebuttal case they may put on.

19 After I've heard and ruled on motions under Rule
20 50(a), I'll conduct an informal charge conference where I
21 can review with counsel off the record and in chambers and
22 informally the then existing most current iteration of the
23 proposed final jury instructions and verdict form. That's
24 intended to be casual and free-flowing where I can have an
25 opportunity to not only hear you out on any issues where

1 you're not in complete agreement, but where I can ask
2 questions and probe the parties with regard to anything the
3 Court may wish to take up concerning both the charge and
4 the verdict form.

5 I see a lot of familiar faces in the courtroom today,
6 so I probably don't need to say this, but I'll make it
7 clear on the record just in case, it's this Court's
8 practice to prohibit reference to any individual by first
9 name only before the jury. I expect counsel to abide by
10 that. I expect counsel to instruct their witnesses and
11 their witnesses to abide by that. Identifying or referring
12 to individuals by first name only invites confusion in the
13 record and simply is not in keeping with the necessary
14 decorum for a United States District Court, in the Court's
15 view.

16 I also refer all the parties and all present to the
17 Court's standing order on protecting confidential or
18 proprietary information. Just so there is no doubt,
19 posttrial redactions are not the appropriate method for you
20 to protect confidential or proprietary information. You
21 should refer to and apply the Court's standing order in
22 that regard, as I suspect there's a high likelihood of
23 confidential information being presented to the jury during
24 this trial.

25 There will be a juror questionnaire available to the

1 parties in advance of voir dire, and I'll refer you to Miss
2 Clendening, our deputy in charge for this division, as to
3 access to that juror questionnaire. I'll simply remind you
4 that we encourage citizens who are summoned for jury duty
5 and who receive such a questionnaire to be candid and fully
6 forthcoming in their answers. And part of the way we do
7 that is we assure them that they do not have to worry about
8 their answers being retained or copied or stored in some
9 law firm's database only to pop up at some inconvenient
10 time in the future. So, again, I'm instructing you to
11 follow Miss Clendening's directives in regard to these
12 questionnaires, but let me make it clear they are not to be
13 copied, they are not to be scanned, you are not to retain
14 any of the information from those questionnaires. You'll
15 receive hard copies. You may use them during jury
16 selection, and I'm confident Miss Clendening's going to
17 instruct you to return those hard copies to her after the
18 jury's selected and seated.

19 All right. As a part of this pretrial process, the
20 last area I expect us to cover will be objections as to
21 exhibits that are tendered by either party to be
22 pre-admitted by the Court. It's the Court's practice to
23 pre-admit the exhibits to be used during the trial. That,
24 too, avoids the disruptions of offer and argument and
25 ruling on exhibits before the jury. It also importantly

1 maximizes your designated trial time.

2 The Court will consider any evidentiary disputes
3 regarding exhibits to be pre-admitted as a part of this
4 process. Once the Court has ruled, we'll begin the trial
5 with a defined universe of pr-admitted exhibits. Once
6 they're pre-admitted, they are free for either party to
7 offer before the jury without a formal offer or predicate,
8 and the Court will keep a running record, a running
9 account, of the pre-admitted exhibits that have been used
10 as a part of the record in the case. And the way we will
11 do this is each morning before I bring the jury in,
12 beginning on day two, I'll expect each side to have a
13 representative prepared to read into the record any items
14 from the list of pre-admitted exhibits that have been used
15 before the jury during the preceding day's portion of the
16 trial. And we'll do that each morning beginning with day
17 two and before I bring the jury in so that we can keep a
18 running record of those items that have been used and
19 published to the jury during the trial and consequently
20 have moved from the list of pre-admitted exhibits to the
21 list of admitted exhibits and are part of the evidence in
22 the case. Those on the list of pre-admitted exhibits not
23 used or published before the jury are not a part of the
24 record evidence in the case and merely remain unused,
25 pre-admitted exhibits.

1 I'm going to direct that the parties jointly
2 collaborate and prepare 12 copies of a juror notebook for
3 use during this trial. Those 12 copies should be delivered
4 to chambers not later than noon on Monday the 28th of
5 March. They should be comprised of simple three-ring
6 binders, including single-sided copies of the
7 patents-in-suit, a side-by-side chart for claim
8 construction terms with the left-hand column showing the
9 claim language that's been construed by the Court, and a
10 corresponding right-hand column showing the adopted
11 constructions from the Court of that language. Nothing
12 further from the claim construction order opinion is to be
13 included, other than the claim language as construed and
14 the adopted construction.

15 Also, those notebooks should contain a single witness
16 page for each witness. That includes those on your will
17 call and your may call list. That includes your deposition
18 witnesses. Each witness page should have a head and
19 shoulders photograph of the witness superimposed at the top
20 of the page identified by their name below their
21 photograph, with the balance of each page ruled lines for
22 note taking. You're not to characterize the witness as you
23 identify them on those witness pages. If it's Dr. John
24 Smith, that's fine, but don't put Dr. John Smith,
25 plaintiff's damages expert.

1 Also, those witness pages should each be tabbed with
2 the name of the witness so the jurors don't have an
3 inordinately difficult time flipping through those and
4 finding the appropriate page as the witnesses are called
5 during the trial.

6 And following the witness pages there should be a new
7 three-hole punched legal pad put in the back of the
8 notebooks for additional note taking, should the jury elect
9 to do that. And in the front pocket of those notebooks
10 please put a non-noisemaking pen for the jurors' use. And,
11 again, 12 copies of those should be delivered to chambers
12 by Monday the 28th of this month, not later than noon on
13 that date.

14 Again, seeing many of you in the courtroom today that
15 have tried several jury trials before me, this may be
16 somewhat unnecessary, but I think it's worth saying even if
17 it's already known to many of you.

18 In a patent infringement case such as the one we're
19 going to try in this matter, there are invariably competing
20 expert witnesses, and there are times when counsel may urge
21 objections that an expert witness is attempting to exceed
22 the scope and the bounds of their expert report. Clearly,
23 expert witnesses are limited to and confined by the four
24 corners of their expert reports. Those objections,
25 however, are highly disruptive by their nature. We're

1 going to have multiple experts. They're going to have
2 issued at least one, and often more than one report, and I
3 assure you I will not have those reports memorized by the
4 time this case goes to trial. So if there's an objection
5 tendered that an expert is attempting to testify outside
6 the scope of their reports, I really can't address that
7 without getting the report here on the bench, sending the
8 jury out, finding out from you where you believe that
9 objection has occurred, looking at the competing sections
10 of the reports where each party takes their various
11 positions as to whether the witness is or is not attempting
12 to testify beyond the scope of the report and then give you
13 a ruling and then bring the jury back in and then reconvene
14 the trial.

15 It's just highly disruptive, and there's no way
16 around it. If you feel it's warranted, and you're
17 confident that you have a meritorious basis, make the
18 objection. Don't make the objection for strategic
19 purposes. Don't make the objection to break opposing
20 counsel if they're on a roll with a witness. If it's the
21 kind of -- if that objection is tendered for what I believe
22 is anything other than a meritorious purpose, I'll consider
23 it to be strategic, and I'll probably sanction the
24 offending party. Also, be aware that the time it takes to
25 send the jury out, get the reports, hear the argument, rule

1 on it, then bring the jury back in, that time's going to be
2 counted against whoever ends up on the short end of that
3 process as far as the objection and response goes. So that
4 time will count against your designated trial time.

5 It's just a part of this kind of trial, but I want to
6 remind the parties, your expert witnesses are not to
7 testify outside the scope of their written reports. And if
8 they do, we'll follow that kind of an approach in dealing
9 with any necessary and meritorious objections in that
10 regard.

11 Let me talk to you just briefly about public health
12 protocols. As everybody in the courtroom knows, we're in a
13 -- we are in an evolving environment regarding COVID-19 and
14 its various variants and the public health of the public.
15 Unless something significantly changes, here's how I have
16 in mind addressing that during the trial in early April of
17 this year.

18 I'm going to -- I'm going to place the venire panel
19 in the gallery and direct the Court's -- the deputy in
20 charge to space them as best as possible, and we're going
21 to take up the entire gallery with the venire panel.
22 You'll examine the venire panel from the podium. Each
23 member of the venire panel will be masked throughout the
24 jury selection process. When they're called upon to give a
25 specific answer to a question, my instructions to them will

1 be that they are to stand, they are to remove their mask,
2 they'll be handed a handheld microphone from a court
3 security officer. They're to use that to answer your
4 question. They're then to hand the microphone back to the
5 court security officer and replace their mask and have a
6 seat. And that's the process we'll follow.

7 There will be two court security officers in the
8 gallery. They'll each have separate handheld microphones,
9 and after any member of the venire panel uses a handheld
10 microphone, it will be sanitized by the court security
11 officer before it's handed to or used by another member of
12 the venire panel.

13 Once the jury's selected and seated, I'm going to
14 direct the jury to replace their masks with a clear face
15 shield, like this, as it's the Court's considered opinion
16 that we can't try a jury trial unless you can see the faces
17 of the jury.

18 And in that regard, each trial team seated inside the
19 bar is going to need to advise the Court in advance of the
20 trial what your vaccination status is. I'm going to assume
21 that everybody on each trial team is going to be fully
22 vaccinated. If that's the case, then you're not required
23 to mask inside the bar. If you have a particular health
24 considerations that even though you're vaccinated you would
25 be more comfortable being masked inside the bar, you're

1 certainly free to do that. That goes for counsel as well
2 as corporate representatives and anybody that would be
3 seated inside the bar.

4 Once you go to the podium, Counsel, no matter what
5 your status is, you are to remove a mask if you have it.
6 Again, you need to see the jury, the jury needs to see you.
7 The Court needs to see both of you. Once you've finished
8 your examination or cross-examination at the podium, and
9 you return to your seat at counsel tables, if you're
10 masked, then you need to replace your mask.

11 The witnesses should be masked as they come into the
12 courtroom. And as you can see, we've got a Plexiglass
13 barrier surrounding the witness stand. They'll unmask as
14 they are sworn and seated at the witness stand. And then
15 once their testimony is complete, and I've directed that
16 they may step down, if they've -- if they're wearing a
17 mask, they'll put it back on as they leave the witness
18 stand.

19 There are in this courtroom four independent air
20 filtration units, and they will be running throughout the
21 trial to filter the air here in the courtroom. Also, I'm
22 going to instruct the Court's cleaning staff to separately
23 clean, deep clean, the jury room, the jury box and the
24 restrooms that serve the jury room each night after we
25 recess for the evening. Also, I'm going to order the jury

1 sequestered during the trial for lunch, and the Court's
2 going to provide them lunch. I'm not going to have them
3 going out in the community and standing in line to get food
4 with whoever may be out in the public, and then coming back
5 to the courthouse. That's a public safety concern, public
6 health concern, in my view. It also means we'll be able to
7 take a shorter break and get in more trial time each day
8 during the trial.

9 There may be some other additional protocols that are
10 appropriate, and if there are, I'll try to make sure you
11 know about those in advance. Those are the main ones. As
12 I say, we live in an evolving situation. It looks like
13 things are in a positive mode now where the exposure and
14 risk is declining, but we've ridden this roller coaster for
15 a couple of years, and nobody knows what the future holds.
16 That's where -- that's where the Court stands today on how
17 it intends to address the public health issues related to
18 the trial. All right.

19 With those housekeeping instructions and overviews,
20 let me ask if any of the parties present have any questions
21 or need any clarification on any of these.

22 MR. EVERINGHAM: No, Your Honor. Thank you.

23 JUDGE GILSTRAP: Anything from the defendants' side?

24 MR. STEVENSON: Nothing from defendants.

25 JUDGE GILSTRAP: All right. Counsel, previously, in

1 communications with the Court's staff you've submitted what
2 you would suggest to be an order for the Court to follow in
3 taking up your disputed motions and other disputed issues
4 today and tomorrow. I'm going to attempt to follow that.

5 I won't promise you that it's going to be perfect, but I'm
6 going to attempt to follow the order that you've suggested.

7 We've also clearly got a lot of lawyers in the
8 courtroom. I'm going to ask again for clarity of the
9 record when you go to the podium to argue on a motion or on
10 a limine, or on anything else, when we get to exhibits on
11 exhibits, identify yourself for the record, even if that's
12 the 12th time you've been to the podium during the pretrial
13 process. When you begin your arguments, please identify
14 yourself for the record. We have a visiting court reporter
15 today. She doesn't recognize as many of you as I
16 recognize, so please help her out by announcing your name
17 into the record when you start your arguments.

18 All right. Let's turn to the defendants' and
19 intervenor's motion for summary judgement of
20 unenforceability of the patents-in-suit or in the
21 alternative an adverse inference jury instruction. This is
22 document 187. Let me hear from the moving defendants and
23 intervenors first.

24 MR. BUDWIN: Thank you, Your Honor. Josh Budwin of
25 McKool Smith, and I'll be presenting this argument on

1 behalf of the defendants and intervenors.

2 JUDGE GILSTRAP: It's clear, Counsel, that you're
3 asking for the death penalty here for all intents and
4 purposes, so tell me why this is of such an egregious
5 nature that it should warrant that.

6 MR. BUDWIN: Yes, Your Honor. There are five
7 patents-in-suit. Two of the patents were originally
8 assigned to Hitachi, and three were originally assigned to
9 Bosch. IPCom availed itself of this court knowing that the
10 Court has a policy of liberal, open and forthright
11 discovery, fast times to trial, and compressed discovery
12 time periods.

13 This gentleman is Bernhard Frohwitter. He is the
14 most important person in IPCom's history. There's no
15 dispute, no debate, Bernhard Frohwitter is the key man
16 behind IPCom. And as I'll explain, even though he's the
17 key man behind IPCom, we have none of his documents in this
18 case. Okay?

19 JUDGE GILSTRAP: He is the key man, or he was the key
20 man --

21 MR. BUDWIN: He was --

22 JUDGE GILSTRAP: -- or is it both?

23 MR. BUDWIN: I believe it's both. He was officially
24 IPCom's managing director until July 31st of 2020, which is
25 approximately two months before these lawsuits were filed.

1 And as you'll see throughout the course of the argument, he
2 continued to represent IPCom in some licensing discussions
3 even after these suits were filed.

4 There's three separate and related entities that all
5 now relate to IPCom and the course of this argument, all of
6 which involve Mr. Frohwitter. There's the Frohwitter law
7 firm, there's an entity called FIPA which is the Frohwitter
8 Intellectual Property Agency. It's a German company. Mr.
9 Frohwitter is a German citizen. They were the original
10 assignee of the Hitachi patents-in-suit, and then there's
11 IPCom who was the original assignee of the Bosch
12 patents-and-suit. Shortly before this case was filed,
13 FIPA, Mr Frohwitter's intellectual property group, assigned
14 the Hitachi patents to IPCom, which was also his entity.

15 So we know that Mr. Frohwitter, he was the founder
16 and managing director of IPCom, and, indeed, in their
17 opposition brief, IPCom itself refers to him as one of its
18 top executives, at least until July 31st, 2020, two months
19 before these suits were filed.

20 Mr. Suh, who's the current managing director of
21 IPCom, he testified that when you're the managing director,
22 you're equivalent to the CEO. Mr. Frohwitter was the CEO
23 of IPCom from its founding until at least two months before
24 suit was filed.

25 Mr. Suh, the current managing director of IPCom, also

1 tells us in his deposition that Mr. Frohwittter was key in
2 the formation of IPCom and that IPCom wouldn't exist today
3 without him. No dispute about that.

4 Mr. Frohwittter was also the founder and a partner at
5 the Frohwittter law firm that bears his name, from where he
6 conducted IPCom's business. From the founding of IPCom
7 through until at least the time that he resigned, if not
8 beyond, he conducted IPCom's business from his law firm.
9 And this isn't in dispute either. IPCom admits this. Mr.
10 Frohwittter always worked out of his office at the
11 Frohwittter law firm, including for IPCom matters when he
12 was the managing director. And, in fact, he co-mingled and
13 frequently used his Frohwittter law firm e-mail address, as
14 IPCom admits in its opposition, as his default e-mail
15 address for IPCom's business. And this is going to be
16 important for reasons that we'll come to explain.

17 JUDGE GILSTRAP: I understand those e-mails are on
18 his law firm's server.

19 MR. BUDWIN: So Mr. Frohwittter was also the founder
20 and managing director of FIPA, the Frohwittter Intellectual
21 Property Agency, the former signee of the Hitachi patents.
22 And, again, as Mr. Frohwittter testified in a deposition in
23 2009, not in this case, he was the CEO of that group also.

24 Mr. Frohwittter also negotiated the purchase of the
25 Bosch portfolio in exchange for a payment of 100 million

1 Euros, and he, or his law firm, received all records and
2 documents related to the Bosch patents. So Mr. Suh, the
3 current managing director, tells us that Mr. Frohwittter was
4 the person who primarily brokered the sale of the patents
5 from Bosch to IPCom for a hundred million Euros. No debate
6 about this. Mr. Frohwittter signed the purchase agreement
7 on behalf of IPCom and also the Frohwittter intellectual
8 Property group. No dispute about the payment of a hundred
9 million Euros, either, for that.

10 In exchange for the payment of a hundred million
11 Euros, and to get the Bosch portfolio, the seller, Bosch,
12 was required to deliver to the purchaser, IPCom, at
13 closing, written confirmation by Frohwittter, and this is
14 now the German name for the Frohwittter patent firm. You
15 can see. It's like Patent Waffle, or Wave, I can't
16 pronounce the German word, but that's the Frohwittter Law
17 Firm, written confirmation that the Frohwittter law firm has
18 possession of, quote, all records and documents in seller's
19 possession, including those in the possession of seller
20 Bosch's advisors, which also included the Frohwittter law
21 firm and FIPA. So Mr. Frohwittter had previously
22 represented Bosch, then he brokers the sale of the Bosch
23 patents to an entity that he controls. When they do that
24 in exchange for the payment of a hundred million Euros, as
25 you'd expect, they -- IPCom gets written certification that

1 the Frohwitter law firm has all of the documents relating
2 to the Bosch patents in its possession, including, and this
3 is the last provision, any documents or information
4 relating to the patents which are, or might be, of material
5 relevance to, amongst other things, the enforcement of the
6 patents.

7 And what we're going to see is we know we're missing
8 at lease a host of preexisting encumbrances, so licenses
9 that Bosch executed to the patents before they were
10 transferred to IPCom. There's a host of those that we've
11 asked for; IPCom says they don't have, we haven't gotten.
12 We believe Mr. Frohwitter and his law firm received them as
13 part of this transaction, and we believe that he has them
14 today. And IP --

15 JUDGE GILSTRAP: What basis do you have to believe
16 that they were actually received? I know the recital says
17 they go there, but do you have any evidence they were
18 actually received?

19 MR. BUDWIN: So there is a dispute over whether the
20 licenses were or were not -- or -- let me -- let me walk
21 that back.

22 IPCom admits in there -- if we could to slide 30. So
23 this is a declaration of a former IPCom employee, Mr.
24 Tomlinson, and it's important to note that Mr. Tomlinson
25 was never listed on the initial disclosures, nor subject to

1 deposition in this case, but he submits a declaration in
2 opposition to this motion. And he says, "Any licenses in
3 the possession of the Frohwittter firm were received and
4 held" -- this is IPCom's position -- "pursuant to Mr.
5 Frohwittter's obligations to Bosch and Hitachi, not in
6 trust, on behalf of FIPA or IPCom." That's -- that's the
7 word that he says here, "Not in trust for FIPA or IPCom."

8 JUDGE GILSTRAP: Now, that describes the basis upon
9 which the asserted licenses that are there are held.
10 Doesn't tell me what came in the door.

11 Do you have anything to show what actually was
12 received?

13 MR. BUDWIN: So Your --

14 JUDGE GILSTRAP: Or is that -- that just an open
15 question?

16 MR. BUDWIN: So, Your Honor, we -- we, unfortunately,
17 don't know exactly what was received because we haven't
18 been able to take Mr. Frohwittter's deposition. It seems to
19 be not in dispute, and perhaps IPCom's counsel can
20 represent this, that Mr. Frohwittter does currently have
21 possession of the Bosch licenses, all of them. The dispute
22 is whether or not he's authorized to provide them. There's
23 been statements made by IPCom that Mr. Frohwittter needs,
24 quote, unquote, Bosch's permission in order to provide
25 them, which is a suggestion that Mr. Frohwittter holds them

1 even today.

2 JUDGE GILSTRAP: But there's never been, He has
3 license A, B, C, but he needs permission to release them.
4 Just that if he has any licenses, he needs permission.

5 MR. BUDWIN: My understanding, and this is really the
6 question for IPCom, based on some of the representations
7 and statements they've made to us in the meet and confer
8 process and in the opposition briefing, it's my belief and
9 understanding that Mr. Frohwitter has all of the Bosch
10 licenses and all of the Hitachi licenses.

11 The dispute is whether he received those and has them
12 on behalf of IPCom or IPCom's predecessor, or he holds them
13 on behalf of the Frohwitter firm. That's the dispute, as I
14 understand it.

15 JUDGE GILSTRAP: That's your belief.

16 MR. BUDWIN: That's my belief.

17 JUDGE GILSTRAP: Okay.

18 MR. BUDWIN: Could we see slide 24, please, Mr.
19 Moreno.]

20 So Mr. Frohwitter represented Bosch prior to the
21 purchase of the portfolios, and he says that he wrote
22 letters, and he kept copies of those letters in his files.
23 So this is when he's negotiating with licenses for the
24 Bosch portfolio on behalf of Bosch, and also on behalf of
25 actual licenses and potential licenses.

1 So he tells us that he has, and this is, again, a
2 deposition from 2009, not in this case, but we're piecing
3 together the tea leaves, he has copies of documents related
4 to Bosch licenses. Now we're talking about another Bosch
5 license here on slide 25, which is to LG. He's asked again
6 in his 2009 deposition, not in this case, "Did you
7 negotiate that license?" And he says, "Yes." And he's
8 asked the question, "do you have a copy of any of the
9 relevant documents related to this licensing negotiation,
10 including without limitation, the license itself?" And he
11 says, "We certainly should have some communications."

12 Again, it's indicative that he at least has some
13 communications related to LG, which is one of the missing
14 licenses that we have.

15 One more example, again from his 2009 deposition,
16 asking about Samsung, did he negotiate this agreement?
17 Yes. And the question from the counsel in this prior
18 deposition is saying, I'm asking about FIPA or the
19 Frohwittter Law Firm, or anything in IPCom's possession;
20 those three entities, "Do any of those three entities have
21 in their possession any documents related to this license?"
22 the Samsung license. And he tell us, "I bet they have,
23 yeah."

24 Could we have slide 28, please, Mr. Moreno? It's one
25 of the ones that's hidden.

1 Now, this is a part of that deposition that counsel
2 refers to in their opposition, and he talks about in this
3 excerpt from the 2009 deposition, that he, being the
4 Frohwitter Law Firm, had copies of negotiations in his
5 files. Then he's asked the questions, Do you have the
6 actual licenses? And the answer is, "Maybe of drafts."

7 So that goes to the Court's question, he at least has
8 communications related to the negotiation of the Bosch
9 licenses, and he testifies in this prior deposition that he
10 potentially has drafts of the license agreements.

11 In addition to Bosch, Mr. Frohwitter also negotiated
12 the purchase of the Hitachi portfolio for .
13 And, again, as we saw with Bosch, there's going to be the
14 purchase agreement that represents that he, or at least his
15 law firm, received all documents related to the Bosch
16 patents.

17 No dispute with Mr. Suh, again, the current IPCom
18 managing director, that Mr. Frohwitter was the one who
19 acquired the Hitachi patents on behalf of FIPA, which is
20 the predecessor to IPCom.

21 Mr. Frohwitter signed the Bosch -- the Hitachi
22 purchase agreement. Again, no dispute that they paid
23 to acquire those patents. And, again, we see
24 -- this is slide 36 -- a delivery provision that was
25 similar to the one that we saw for Bosch. So here it says,

1 "Seller shall deliver to purchaser" -- so Hitachi will
2 deliver to Bosch -- "written confirmation that the
3 Frohwitter Intellectual Property Counselors," the law firm,
4 "has possession of," and then there's a list of the
5 documents that Hitachi is representing to IPCOM that it's
6 delivered to IPCOM's lawyers in this transaction, the
7 Frohwitter firm.

8 It's our position that Mr. Frohwitter, in addition to
9 negotiating this -- the Bosch and Hitachi agreements on
10 behalf of himself, was also acting as IPCOM's lawyers. And
11 this provision and the prior provision from Bosch is
12 suggestive of that. At closing, in exchange for the
13 payment of either ,

14 we're going to certify to you, IPCOM or FIPA, that your
15 lawyers, the Frohwitter firm, have copies of documents,
16 including all records and documents in Hitachi's
17 possession, including, but not limited to, documents and
18 information related to the patents, which might be of
19 material relevance to the infringement or enforcement
20 thereof.

21 JUDGE GILSTRAP: Counsel, I don't want to interrupt
22 your argument --

23 MR. BUDWIN: Yes.

24 JUDGE GILSTRAP: -- but let me ask you, if you're
25 going to talk about purchase prices paid for patents, is it

1 appropriate the courtroom be sealed, or is it not necessary
2 in your view?

3 MR. BUDWIN: Thank you, Your Honor. I conferred with
4 counsel before, and we agreed that this portion of the
5 argument didn't need to be sealed.

6 MR. BLACK: Which counsel?

7 MR. BUDWIN: Mr. Plies.

8 MR. BLACK: Did you tell him that you were going to
9 mention the purchase price?

10 MR. BUDWIN: I said we were going to go through the
11 argument and included the exhibits, yes.

12 MR. BLACK: Well, it strikes me that the mention of
13 the purchase price is gratuitous and unnecessary and should
14 be -- I was going to ask for confidential treatment of that
15 and ask that you not do that in the future.

16 MR. BUDWIN: Okay. We had tried to resolve this
17 beforehand. Maybe it makes sense. There's probably
18 several other exhibits that we'll go through that will
19 subject to confidentiality obligations.

20 JUDGE GILSTRAP: Well, I didn't mean to invite a
21 conversation between counsel, I just wanted to inquire.

22 I take it, Mr. Black, you feel like that particular
23 item needs to be treated confidentially.

24 MR. BLACK: Yes, Your Honor. We don't have any --
25 we're in federal court, so now and first amendment applied,

1 and so we have to be pretty liberal about what comes into
2 the record and only seal things that are appropriate. So
3 we -- Mr. Plies agrees, I think it's appropriate that this
4 motion could be heard what Mr. Frohwitter did 20 years ago
5 isn't some secret. I don't understand why counsel put the
6 purchase price number out and repeated it over and over
7 again. I have some concern about that, but hopefully now
8 that it's been raised we'll --

9 JUDGE GILSTRAP: I'll order the reference to the
10 purchase price for the patents as a part of the previous
11 argument redacted from the record, and I understand that
12 unless there's some particular reason to, having
13 communicated it to the Court, there'll be no need to
14 reiterate that going forward.

15 MR. BUDWIN: Thank you, Your Honor.

16 JUDGE GILSTRAP: And with that we'll leave the
17 courtroom open and unsealed. All right. Let's proceed.

18 MR. BUDWIN: So here we have on slide 38, and this is
19 Exhibit 7 to docket 187, this is a list of the preexisting
20 licenses to the Hitachi patents. And here we have an
21 express reference from IPCom that goes to Your Honor's
22 prior question with respect to Bosch. But here, we know
23 IPCom asked the Frohwitter firm if they had the Hitachi
24 license, licenses, and the firm responded that it held the
25 licenses pursuant to its obligations to Hitachi and

1 couldn't provide them to IPCom.

2 So here we know, at least as to the Hitachi licenses,
3 it's undisputed that the Frohwittter firm has them. The
4 question is whether they're within IPCom's control or not.

5 Mr. Frohwittter was also the one who selected the
6 proud list patents, which is central to IPCom's damages
7 methodology in this case, and so I've got an excerpt here
8 from the Bratic report. This IPCom's damages expert. And
9 he talks about the proud list of patents and how that proud
10 list of patents drove IPCom's deal with Deutsche Telekom,
11 which is the centerpiece of their damages case in this --
12 damages claims in this case.

13 It's interesting that in this discussion Mr. Bratic
14 -- or Dr. Bratic, relies on a deposition of Christoph
15 Schoeller and interviews with Mr. Schoeller. Mr. Schoeller
16 is Mr. Frohwittter's business partner, and he, unlike Mr.
17 Frohwittter, has cooperated and appeared for deposition.

18 But in his deposition we asked Mr. Schoeller about
19 the proud patent list and whether he knew about it. "Do
20 you have an understanding as to how the patents that were
21 selected for presentation to potential licensees were
22 selected by IPCom?" "No." "It was Mr. Frohwittter who was
23 primarily responsible or those working at his direction who
24 were presumably" -- it should say primarily -- "responsible
25 for identifying the patents to be highlighted to potential

1 licensees." That was Mr. Frohwittter's job, not Mr.
2 Schoeller's job. And he tells us expressly that he
3 explained his philosophy on the proud list, that he's not
4 responsible for the patent part of this company, and he's
5 not responsible for selecting these patents, all of this.
6 Mr. Schoeller wasn't the guy behind the proud patent list.
7 It was Mr. Frohwittter.

8 And we have an express -- this is slide 45 -- an
9 express statement from Mr. Schoeller. He's asked about the
10 purpose of the proud patent list, and he says he doesn't
11 know. That was Mr. Frohwittter. Mr. Frohwittter did that.
12 And I think this is important to just understand the
13 division of roles in this -- in IPCom before its
14 reorganization.

15 Mr. Schoeller is a German industrialist, he's not a
16 lawyer, he doesn't have a background in patents. He's the
17 business guy in IPCom. Mr. Frohwittter who's a lawyer,
18 patent attorney, he does the strategy and the litigation.
19 That was all him. So he's negotiating the purchase of
20 Bosch and Hitachi, he's negotiating with potential
21 licensees, he's selecting the proud patent list that's the
22 centerpiece of their damages claims in this case, and he
23 also managed IPCom's litigation with Deutsche Telekom and
24 the negotiation of that agreement with Deutsche Telekom,
25 which, again, is the centerpiece of IPCom's damages claims.

1 No dispute, again, with Mr. Schoeller that it was Mr.
2 Frohwitter who managed the Deutsche Telekom litigation.
3 And tellingly, Mr. Frohwitter continued to represent IPCom
4 in negotiations, at least with Deutsche Telekom, after his
5 resignation from IPCom, and after IPCom filed these suits.
6 So here's an excerpt from Mr. Suh's deposition. There's
7 some e-mails and other documents in the record that
8 substantiate this further. But in discussions in November
9 of 2020, Mr. Frohwitter, so that's after these suits were
10 filed in October of 2020, Mr. Frohwitter, still speaking on
11 behalf of IPCom in discussions with Deutsche Telekom in
12 November of 2020.

13 So let's just build a timeline real -- really
14 quickly, if we can, because I think it's important to help
15 understand what we're talking about. FIPA's founded, the
16 Frohwitter Intellectual Property Agency, by Mr. Frohwitter
17 in 2002. Frohwitter then founds IPCom to acquire the Bosch
18 portfolio, and we saw that agreement. That's 2007.
19 Frohwitter brokers the sale of the Bosch patents to IPCom
20 in April of 2007. Frohwitter brokers the sale of the
21 Hitachi patents to FIPA in December 2007, and we saw the
22 agreement related to that already. Then IPCom sues
23 Deutsche Telekom and Vodafone in 2009, a litigation that
24 Frohwitter manages. IPCom settles with Deutsche Telekom in
25 July of 2013. Mr. Suh, who's the current managing

1 director, joins IPCom in July of 2018, but Mr. Frohwitter
2 and Mr. Schoeller remain the managing directors at that
3 time. Then, in the lead up to the filing of these cases in
4 November of 2019 and January of 2020, IPCom sends letters
5 to AT&T and Verizon -- and these are attached as Exhibits 2
6 and 4 to the motion -- inviting them to engage in licensing
7 discussions with IPCom, and attaching a list, a long list,
8 of patents that includes all five of the patents currently
9 in suit.

10 IPCom identifies these letters to Verizon and AT&T in
11 late 2019 and early 2020 as their basis to indicate that
12 the defendants was first provided with notice of alleged
13 infringement. We have their interrogatory response. So
14 these letters, at the very least, in late 2019 and early
15 2020, that's the line in the sand. There's no argument
16 from IPCom that they didn't anticipate litigation at least
17 as of the date of these letters to AT&T and Verizon. I
18 would also assert that as a patent assertion entity whose
19 primary business is licensing and litigation if licensing
20 is unsuccessful, they're probably under a heightened duty
21 to preserve documents related to patents that may be the
22 subject of litigation. But at the very least, we have this
23 line in the sand in late 2019 and early 2020.

24 And so I want to look at what happened after that
25 date. Okay? So after these letters are sent to Verizon

1 and AT&T, IPCom does, I think two things that are telling
2 and relate to the relief being requested in this motion.
3 These are two things that it does intentionally and knowing
4 what the effect of those are going to be.

5 First, in April 2020, it amends its agreement with
6 Hitachi for the fourth time to add what we'll call the best
7 efforts provision, and as I'll show Your Honor, really what
8 it does is it removes an obligation for Hitachi to
9 cooperate with IPCom in litigation. And that's important
10 because we have been unable to get any documents from
11 Hitachi, and this Court has also sent a request for
12 judicial assistance to Japan. No response received.
13 Motions to compel were filed against Hitachi's U.S.
14 subsidiaries. In fact, motion was granted against the U.S.
15 subsidiaries, and I'll walk Your Honor through that, but,
16 basically, Hitachi Japan told the U.S. subsidiary that
17 notwithstanding the court's order, a different court's
18 order, they wouldn't provide documents.

19 JUDGE GILSTRAP: Not this Court's order.

20 MR. BUDWIN: Not this Court's order. It was a court
21 in Dallas. Northern District.

22 JUDGE GILSTRAP: Northern District.

23 MR. BUDWIN: So here on slide 58 we have the four
24 versions of the agreement with Hitachi, and I want to talk
25 about the original, the first and the third. And these are

1 the ones the parties talk about in their briefing. And the
2 third one is important because it's after those letters
3 were sent.

4 So slide 59. So this is the original Hitachi patent
5 purchase agreement. This is the one that I talked about in
6 the overview earlier. It showed the requirement to deliver
7 documents to the purchaser in exchange for the purchase
8 price. But importantly, this document, paragraph 6, has a
9 broad technical and commercial support obligation. And it
10 says that "Hitachi will provide reasonably available
11 support to FIPA at reasonable cost regarding any technical
12 issues in asserting the mobile phone portfolio," which
13 includes the Hitachi patents in this case. And that was
14 the requirement as of the original execution of this
15 agreement in 2007. Broad cooperation requirement.

16 Then we advanced to the first amendment of this
17 agreement in June 2014, and what happens here is that broad
18 cooperation requirement, section 6 that we saw in the prior
19 slide, is deleted, and it's replaced with a more narrow
20 cooperation requirement but still a cooperation
21 requirement. And what this provision requires is that
22 Hitachi is at least required to cooperate with respect to
23 the inventors, and presumably documents in the inventor's
24 possession, custody, or control. So it says, "If FIPA
25 actively requests the involvement in writing and there

1 exists inventors who are then-current employees of Hitachi,
2 and the cooperation of any such Hitachi inventor is
3 required by a court or tribunal in any FIPA litigation
4 occurring in the U.S. or UK, then FIPA may request
5 cooperation under the condition that any reasonable cost
6 associated with such cooperation is paid by FIPA."

7 So as of this 2014 amendment, we know there's still
8 at least some requirement for Hitachi to cooperate with
9 respect to the enforcement of these patents, at least with
10 respect to inventors.

11 JUDGE GILSTRAP: And in that language, if you'll put
12 that preceding slide back up, it says, if the cooperation
13 is required by a court. At some point you're going to have
14 to explain to me why you never moved to compel in this
15 case.

16 MR. BUDWIN: Yes, Your Honor. We'll get -- we'll get
17 to that.

18 Now we have the third amendment in April of '20,
19 which, again, is after those letters were sent to AT&T and
20 Verizon, and what this does is it removes any obligation
21 for Hitachi to cooperate. Now purchaser is going to use
22 its best efforts not to involve Hitachi in litigation. And
23 this amendment was made to remove even the requirement to
24 cooperate with respect to inventors about six months before
25 suit was filed and after the notice letters were sent. So

1 we have -- we have that.

2 There's one other thing that I think happens after
3 the notice letters are sent and shortly before suit was
4 filed that I think is telling. So Frohwitter and Mr. -- so
5 Mr. Frohwitter and Mr. Schoeller officially resign as the
6 managing directors of IPCom effective July 31st, 2020. Mr.
7 Suh, who's the current managing director, is promoted to
8 managing director effective either that day or the next
9 day, August 1st. October 1st, 2020, suit is filed against
10 AT&T, and then we don't need to worry about the rest of
11 those dates right now. The important date is this October
12 1st, 2020, date when suit is filed.

13 Could we have slide 63, Mr. Moreno, please. So we
14 know that IPCom hired litigation counsel before Mr. Suh
15 became the managing director. So if we could go back to
16 slide 62, Mr. Moreno, I think this is important because
17 when we look, Mr. Suh becomes the managing director, at
18 least as of August 1st, 2020. Litigation counsel was hired
19 before that. And when Mr. Frohwitter and Mr. Schoeller
20 resigned, and we're going to look at that complicated
21 series of agreements related to that, the effect is going
22 to be that IPCom claims they lost access to all of the
23 documents in Mr. Frohwitter's possession related to IPCom.

24 So we have agreements that effectuate the
25 restructuring of IPCom that occur shortly before these

1 suits are filed, and again after litigation counsel has
2 been hired. There's a cooperation agreement and a
3 framework agreement, and these agreements are very
4 complicated, and they involve a lot of parties, including
5 Mr. Frohwittter himself, and a bunch of other entities,
6 including, as you can see, Karols, which is an arm of
7 Fortress; and Goldman Sachs, which is a bank. These
8 agreements were advised by counsel, so there's UK counsel
9 here, Linklaters. And the important part of this, all of
10 this, is about two months, almost to the day, before the
11 suit are filed -- these suits are filed, after litigation
12 counsel is hired, IPCom effectuates this complicated
13 multi-party restructuring of its business, but it fails to
14 preserve access to any of Mr. Frohwittter's documents or his
15 ESI, including his e-mails.

16 The post reorganization structure IPCom is very
17 complicated. These agreements are very complicated. This
18 is the best, as I can understand it, and the important part
19 of this is not really the corporate structure, it's more
20 those agreements contained what's called a payment
21 waterfall. So if there's any recoveries in this case, it
22 specifies how those recoveries are paid. And here, we've
23 worked out for a hypothetical a hundred million.

24 JUDGE GILSTRAP: What is it, Mr. Black?

25 MR. BLACK: He's going to give a hypothetical what

1 would happen if there's a certain judgment, or something
2 like that, using numbers --

3 MR. BUDWIN: Let me make the point without --

4 MR. BLACK: -- I don't think anywhere --

5 MR. BUDWIN: -- without any numbers.

6 JUDGE GILSTRAP: Wait a minute. Just a minute,
7 gentlemen.

8 He's entitled to make his argument.

9 MR. BLACK: Yes.

10 JUDGE GILSTRAP: And if it's hypothetical, it's
11 hypothetical.

12 MR. BLACK: Yes, Your Honor.

13 JUDGE GILSTRAP: If you can make it without giving
14 express numbers, or showing on the screen without
15 verbalizing them in the record, that's probably preferable.

16 MR. BLACK: And my other -- thank you, Your Honor.
17 My other point is that it should be based on something in
18 the summary judgment record, a declaration, or something.

19 JUDGE GILSTRAP: All right. Let's continue with the
20 argument. This is -- this is a lengthy motion, and there's
21 a lot at stake here, but we're going to get through it
22 without further interruptions. All right. Continue.

23 MR. BUDWIN: Here's -- here's the basic takeaway from
24 this, Your Honor. If IPCom gets a recovery, Mr. Frohwittter
25 gets a payment personally, and he gets a payment that

1 funnels through this FIPA group that you can see to the
2 right-hand side, which we've talk about earlier. It's his
3 Frohwitter Intellectual Property Agent. It's not his law
4 firm, it's another Frohwitter entity, and he owns something
5 like 55 percent of that entity. So he gets paid twice,
6 directly and indirectly, through his ownership stake in
7 FIPA.

8 So we'll go past that, and we'll get to something on
9 the summary judgment record. And so I asked Mr. Suh about
10 this in his deposition, and so what he tells us is after
11 this complicated multi-party restructuring two months
12 before this suit is filed, after litigation counsel is
13 hired, this restructuring gives Mr. Frohwitter significant
14 financial interest direct and indirect in any recoveries in
15 this case. And we also know from IPCom's opposition that
16 Mr. Frohwitter's resignation as managing director was
17 apparently contemplated years earlier, at least as of the
18 time when Mr. Suh was hired in July of 2018.

19 So IPCom works on this restructuring for a period of
20 years, consummates that restructuring two months before
21 suit is filed, and then Mr. Frohwitter's given a
22 significant interest in the outcome of these cases and
23 waltzes out the door without any requirement to produce any
24 documents in this case, hand over any of his e-mails, or
25 appear for deposition.

1 Can we have slide 70, please. So the legal standards
2 for unclean hands, Your Honor's familiar with this, your
3 court clerks, I'm sure, are familiar with it also, but the
4 question is, is there misconduct that has an immediate and
5 necessary relation to the equity that IPCOM as the
6 plaintiff seeks in the litigation. And the answer is yes.

7 Mr. Frohwittter is the key guy behind IPCOM, at least
8 until his resignation on July 31st, and potentially beyond,
9 continuing to represent IPCOM in discussions with licensees
10 after this litigation is filed. He's the guy who knows
11 about the proud patent list, he's the guy who negotiated
12 the agreement with Deutsche Telekom. Those are the two
13 centerpieces to their damages methodology in this case.
14 And we don't have access to the witness or his documents.
15 We also don't have access to documents related to the Bosch
16 and Hitachi encumbrances and potentially correspondence
17 related thereto, that at least as to Hitachi, IPCOM has
18 admitted it's still -- IPCOM has admitted Mr. Frohwittter
19 and his firm still possess, and at least as to Bosch, we
20 believe the firm still possess them, although they've been
21 less clear with respect to that.

22 Rule 37(e), this applies specifically to ESI. In
23 this case there's an ESI order. We wanted Mr. Frohwittter
24 to be one of our custodians. We were told that there's no
25 ESI available for Mr. Frohwittter. So the question under

1 Rule 37, and at least as to the subset of documents related
2 to Mr. Frohwitter's ESI is did IPCom fail to take
3 reasonable steps to preserve his ESI. The answer to that
4 is unequivocally yes.

5 If they failed to take reasonable steps, then under
6 prong one, if we as the plaintiffs -- or we as the
7 defendants and intervenors have prejudice, then the Court
8 may order measures to cure that prejudice. And if the
9 Court further finds, so not just that we're prejudiced,
10 which I think it's clear that we are. We're lacking access
11 to documents that the most key guy in IPCom's history has,
12 if that -- if there was an intentional act to deprive us
13 with that evidence, this restructuring of the agreement in
14 July -- consummated July 31st of 2020, two months before
15 suit was filed, after litigation counsel was hired, if that
16 was intentional to let him, Mr. Frohwitter, waltz out the
17 door without preserving his documents, then the Court may
18 also undertake these additional steps, which is presuming
19 the missing information is unfavorable, instruct the jury,
20 or dismiss the action.

21 So let's walk through a few of IPCom's excuses, and
22 this goes to one of Your Honor's questions earlier.

23 The first excuse is they couldn't expect that Mr.
24 Frohwitter wouldn't cooperate and voluntarily produce his
25 documents and ESI. But that excuse rings hollow because

1 they told us that IPCom worked on this reorganization for
2 years, and they contemplated the reorganization for years.
3 They had counsel involved at Linklaters, and a complicated
4 series of agreements effectuating that transition, a very
5 complicated payment waterfall, and they didn't secure
6 access to Mr. Frohwittter's documents or testimony? That
7 strains credibility, in our view.

8 They tell us in Mr. Suh's declaration in opposition,
9 they had no reason to believe that he wouldn't refuse to
10 cooperate in discovery. But, again, this is after he
11 resigned, and he was managing director for seven or eight,
12 nine months after those letters to AT&T and Verizon were
13 sent. How could they not take steps to preserve access to
14 his documents after Mr. Suh himself sends letters to the
15 defendants in this case that allegedly put them on notice
16 of infringement? And, again, this reorganization was
17 consummated, and Mr. Frohwittter apparently walked out the
18 door, although still appearing in some discussions after
19 suit was filed, after litigation counsel was hired. This
20 is two months before these suits were filed. Presumably
21 the decision to file these suits had already been made when
22 Mr. Frohwittter's resignation was effectuated.

23 Here's the second excuse. Mr. Frohwittter's a lawyer,
24 a German lawyer, and he has professional obligations to his
25 law firm clients, and he's bound by European data privacy

1 laws. And because of that, he can't -- we can't get his
2 ESI. So even if he wanted to cooperate, we can't get it.
3 And here we can see this excuse from Mr. Suh. This is his
4 declaration in the opposition, German and European data
5 protection laws and professional obligations. IPCom
6 availed itself of this court. They made the decision to
7 file here, and they should have taken steps to preserve Mr.
8 Frohwitter's ESI, segregate it from any of his other law
9 firm business, and get whatever permissions they need under
10 European data privacy laws, before filing this case, or at
11 least shortly thereafter. And they didn't do it.

12 And I think this is important. IPCom tells us that
13 his ESI, Mr. Frohwitter's ESI was intermingled with those
14 of his law firm's other clients on his law firm's e-mail
15 system. So when we were talking about the Bosch and
16 Hitachi encumbrances earlier, it's clear that Mr.
17 Frohwitter intermingles the licenses and the correspondence
18 related to Hitachi and Bosch at his law firm files. It's
19 also clear that he intermingles his ESI with his law firm
20 files. But they tell us, IPCom tells us, this is where his
21 e-mails had always been during his years as IPCom 's
22 managing director.

23 And if we could slide back to slide 13, please, Mr.
24 Moreno, because we kind of brushed over this earlier, but
25 Mr. Frohwitter, IPCom tells us this, he always worked out

1 of his office at the Frohwittter firm, including for IPCom
2 matters when he was managing director.

3 Mr. Frohwittter's office -- again, this is in their
4 opposition, one of their supporting declarations, his
5 office is today, and always has been at the Frohwittter
6 firm. He used his law firm e-mail address as his default
7 e-mail address for IPCom's business.

8 So if we could go back to slide 84, it doesn't seem
9 -- it strains credibility to say that it was unexpected
10 that the e-mails would be all on Mr. Frohwittter's law firm
11 server intermingled with all of his other files. IPCom
12 tells us this is the way he'd done throughout the 13 years
13 he was IPCom's managing director. There's no surprise
14 there. And they should have gathered those e-mails and
15 segregated them however they needed to, before availing
16 themselves of this Court.

17 This goes to the question Your Honor asked us
18 earlier -- asked me earlier. We didn't move to compel
19 IPCom to produce IP -- produce Mr. Frohwittter's documents.
20 Well, I think this is important. This is IPCom's
21 opposition to the motion to stay that defendants and
22 intervenors filed early in this case, so defendants and
23 intervenors filed a motion to stay to permit us to seek
24 discovery from Bosch, Hitachi, and Mr. Frohwittter, both in
25 the U.S. and Germany and in Japan.

1

2 IPCoM opposed that, and the Court denied that motion
3 to stay, and we'll walk through the steps the Court did
4 grant us.

5 JUDGE GILSTRAP: That was letters rogatory.

6 MR. BUDWIN: Correct.

7 JUDGE GILSTRAP: I'm aware of these steps.

8 MR. BUDWIN: But IPCoM told us at the meet and
9 confer, and in other discovery correspondence it cited
10 throughout the briefing, they didn't have access to Mr.
11 Frohwitter's documents or ESI, IPCoM didn't have the
12 Hitachi or Bosch licenses. They didn't have them. And so
13 what we -- the decision that was made by the defendants and
14 the intervenors was not to move to compel IPCoM to produce
15 documents that it claimed not to possess. We accepted
16 that. They told us that in the meet and confer. They told
17 us that in multiple letters that are cited in the briefing.

18 So they tell us they don't have documents, there's
19 nothing for us to move to compel from them if they don't
20 have them. And if they do have them, then they were
21 obligated to produce them, one, under the Court's discovery
22 order that requires them to produce the documents; and,
23 two, under the Court's ESI order where we made a specific
24 request for Mr. Frohwitter's ESI and were told IPCoM didn't
25 have access to it.

1 So -- so they told us they don't have the documents,
2 our only resource is foreign discovery. We moved to stay.
3 That was denied, but the Court did grant foreign discovery.
4 And, you know, we can talk about this, so this was the
5 docket -- 78 was the motion to stay, and 93 was the Court's
6 order denying. That same docket 93 in July approved the
7 letters rogatory to Germany related to Bosch to get to
8 documents that maybe Bosch has in its files if it still has
9 copies of the licenses. And the German court denied that
10 request. This is docket 153.

11 So we were -- we moved the Court for letters rogatory
12 as to Bosch. One of the custodians potentially had the
13 missing documents. The Court granted that request. The
14 German court denied that request.

15 IPCom tells us that Mr. Frohwittter's not in their
16 control. They have no ability to get documents from him.
17 So we also asked the Court to send a second letter request
18 to Germany specific to Mr. Frohwittter. The Court granted
19 that request in September. We received -- and this is --
20 it should have the exhibit on here. This is one of the
21 exhibits to the -- our brief -- received a letter addressed
22 to one of the McKool Smith attorneys in Austin from a
23 different German judge dated December 15th, '21, telling us
24 that we're not going to get any of Mr. Frohwittter's
25 documents, and he won't be compelled to sit for at least a

1 U.S. style deposition.

2 We also asked the Court for letters rogatory to
3 Japan, and no response has been received from that one. So
4 the two German authorities as to Mr. Frohwittter and Bosch
5 denied the request, and the letters rogatory to Japan, no
6 response has been received as of today.

7 We also undertook domestic discovery of Bosch and
8 Hitachi's U.S. subsidiaries. We filed a motion to compel,
9 so we subpoenaed Hitachi, and we filed a motion to compel
10 them to produce documents related to their licensing of
11 their patents, and the Northern District of Texas denied
12 that. And -- or excuse me. The Northern District of Texas
13 granted that request. Our motion to compel Hitachi U.S.
14 was granted.

15 JUDGE GILSTRAP: And it's to a subsidiary, and the
16 parent company wouldn't send them to the subsidiary. I've
17 read all this.

18 MR. BUDWIN: That's correct. And so our position is
19 when IPCOM tells us they don't have the documents, they
20 don't have the Bosch documents, they don't have the Hitachi
21 documents, and they don't have Mr. Frohwittter's ESI, we
22 went to the source. There's nothing to move to compel from
23 IPCOM with respect to any of those things because they've
24 represented clearly and unequivocally in meet and confers
25 and discovery correspondence, and even in their opposition,

1 they claim not to have access to these documents. So we
2 went to the sources that claimed to have access to them.

3 Our position is that IPCom did have access to them at
4 points in time when these suits were reasonably
5 foreseeable. In April of 2020, that's when they amend the
6 Hitachi agreement for the third time to remove the
7 pre-existing cooperation requirement. That's after they
8 send letters to AT&T and Verizon. They're amending the
9 agreement. They're talking to Hitachi, and they're not
10 securing access to any of the encumbrances, the
11 pre-existing encumbrances to the Hitachi's patents. Then
12 they remove Hitachi's obligation to cooperate.

13 When we complain in discovery, they apparently asked
14 Hitachi, "Can we have permission for the Frohwittter firm to
15 release these documents to you?" And Hitachi says no.
16 They were released from the requirement to cooperate after
17 litigation was foreseeable.

18 And as to Mr. Frohwittter, the agreement that -- the
19 restructuring agreement was consummated July 31st, 2020,
20 two months before these suits were filed, after years of
21 negotiation and knowing that he'd always conducted business
22 in the way that he did.

23 IPCom also makes an argument that the missing
24 documents and -- Mr. Frohwittter's documents, ESI and the
25 missing licenses aren't likely to be relevant. I think

1 that strains credibility, at least as to Mr. Frohwitter,
2 given his key role in IPCom and his key role in proud
3 patents and Deutsche Telekom, but I think it's worth
4 talking about some of the preexisting Bosch and Hitachi
5 licenses that we were able to obtain. We were able to
6 successfully obtain.

7 JUDGE GILSTRAP: Mr. Budwin, we're going to have to
8 move this along. You've been arguing for almost an hour.

9 MR. BUDWIN: Yes, sir.

10 JUDGE GILSTRAP: And this is our first motion. And I
11 understand it's important, and I understand why it was the
12 first one out, out of the box, but we're going to have to
13 bring this argument to a close. So try to get to your
14 remaining points quickly.

15 MR. BUDWIN: I'm almost there, Your Honor, and
16 hopefully the other ones will go faster. But we -- we
17 couldn't get the Nortel agreement. Nortel was a bankrupt
18 entity. We searched high and low for it. We were
19 ultimately able to obtain it. IPCom dropped their
20 allegations of infringement against Nortel equipment.

21 We have the AT&T license that is going to be argued
22 later, which we believe is a complete defense to at least
23 some of the parties in this case.

24 JUDGE GILSTRAP: Which you got from IPCom.

25 MR. BUDWIN: We got from IPCom and from AT&T's own

1 files. It's the one agreement that both parties had, for
2 some reason. It's still unclear as to why IPCOM had the
3 AT&T agreement.

4 And I think there's one other one that's worth
5 highlighting. It's the Samsung agreement. This is one
6 that we were able to obtain also. And Samsung was licensed
7 for its infrastructure business, and we believe that that
8 license is inconsistent with IPCOM's damages claims in this
9 case.

10 And I want to talk about an example of one of the
11 agreements that we haven't gotten, and this is the Sharp
12 One agreement. Okay? So Sharp is a Japanese company, I
13 believe, or German company. I can't remember. It's one or
14 the other. Japanese; right? And they were granted by
15 Hitachi -- by Hitachi; right? Let's see. By Bosch.
16 Excuse me. By Bosch, the exclusive right to grant licenses
17 under this '131 Patent family. That's the '822 and '909
18 Patents-in-suit. So Bosch granted Sharp the exclusive
19 right to sublicense Ericsson to practice two of the
20 patents-in-suit. We have the summary because the purchase
21 agreement has a summary, but we haven't obtained the
22 license itself. And we did subpoena Sharp's U.S.
23 subsidiary, and the U.S. subsidiary told us they had no
24 right to get documents from the parent, exactly as we saw
25 with respect to Hitachi. IPCOM asserts that this doesn't

1 matter, the fact that Ericsson is licensed -- or LG --
2 Sharp has the right to sublicense Ericsson to two of the
3 patents-in-suit. They say it doesn't matter because
4 they're not accusing Ericsson equipment of infringing those
5 two patents.

6 First, it would be nice to get a clear representation
7 to that, but, secondly, even if that's true, the amount
8 that was paid for this sublicensing right is -- it has
9 bearing on the other parties in this case.

10 And with that, Your Honor, I'll heed your suggestion.
11 Thank you.

12 JUDGE GILSTRAP: Let me hear from the plaintiff in
13 response.

14 MR. BLACK: Yes, Your Honor. May I just confer with
15 Mr. Plies, Your Honor?

16 JUDGE GILSTRAP: You may.

17 MR. BLACK: Thank you, Your Honor. Martin Black for
18 IPCom.

19 JUDGE GILSTRAP: Please proceed, Mr. Black.

20 MR. BLACK: Thank you, Your Honor.

21 So this is a motion -- it's rather unusual both in
22 the requested relief and in the procedural posture. It is
23 a motion for summary judgment for unclean hands.

24 Whether the defense of unclean hands applies in this
25 situation is a matter the Court would first have to decide.

1 Then you would have to decide the facts underlying the
2 motion, and ultimately, you would have to reach the intent
3 of IPCom as a matter of law, is what they're requesting.

4 We presented declarations from the IPCom employees
5 who were available to us who have explained all the things
6 described in the motion. There are many disputed facts
7 here, and if there's going to be a bench trial on unclean
8 hands, that would normally succeed the jury trial in the
9 case. But the arguments that are made by counsel here rely
10 ultimately, as they admit, on what was the intent of IPCom
11 just before the filing of the lawsuit. Did they
12 intentionally hide evidence? Come to this Court with the
13 intent to not be able to provide evidence to the Court?
14 And I submit that there is just no evidence of that. It is
15 a conspiracy theory spun by counsel who gave a closing
16 argument, but this is a summary judgment motion.

17 You would have to find an intent on IPCom to destroy
18 evidence to decide this motion in their favor on summary
19 judgment. And we have declarations from the IPCom folks
20 explaining everything.

21 Had this been dealt with in the more traditional
22 fashion of a Rule 37 discovery dispute, they would have
23 moved to compel, we would have created a clear record.
24 There are clearly underlying issues of German law involved,
25 what a lawyer can -- what a client can demand from their

1 lawyer. Ultimately, it's about what is in the possession,
2 custody, or control of IPCom, and did they fail to provide
3 something that they had access to at one point, while in
4 anticipation of litigation, or whether they failed to take
5 adequate steps to obtain information as part of the
6 discovery process.

7 Your Honor would have issued an order, you would have
8 told us what the consequences would be if we didn't meet
9 it, and we would all know -- we would all know where we
10 stood. We also would have had some explication of what was
11 actually important to this case, and there might have been
12 other ways to get some of that information, but that never
13 happened. They waited until the end of the case, they
14 filed a summary judgment motion rather than going through
15 the motion to compel process. But it's fundamentally
16 flawed from a procedural perspective because it depends --
17 it is asking you to skip the bench trial if there ever is
18 going to be one, on unclean hands, and rule as a matter of
19 law that the case should be dismissed. As you said, the
20 death penalty.

21 So with that preface, I want to go back and go over
22 the actual facts of what happened with Mr. Frohwitter. So
23 Mr. Frohwitter is a lawyer. He's a German patent lawyer.
24 You saw his picture. He is in his mid 70s. He's no longer
25 associated with IPCom.

1 They put up a timeline, which I think is quite
2 helpful, because it shows almost 20 years of activity. And
3 what happened is Mr. Frohwitter, he was working for Bosch
4 as their lawyer, and he founded FIPA. And then he
5 ultimately formed a company to purchase the Bosch
6 portfolio. That's in 2007, 15 years ago.

7 Now, it is not customary when a patent is sold for
8 the seller to provide all licenses to the buyer, because
9 the licenses always have confidentiality provisions in
10 them. And the way they dealt with that here is that Bosch
11 provided summaries of the licenses that are actually in the
12 IPCom sales agreement so we can see what the basic terms
13 were, but not the licenses themselves. If they provided
14 the licenses themselves to IPCom, there would have been no
15 need for the summaries in the agreement.

16 There's no evidence that IPCom had those licenses.
17 It's not even clear that Frohwitter's firm ever actually
18 had any of the licenses. It is clear that whatever they
19 had, they held in trust as lawyers for Bosch and were not
20 permitted under their German law of attorney relationships
21 with clients, just as the United States, to turn over those
22 documents to IPCom.

23 IPCom never had possession, custody, or control of
24 the Bosch agreements. Never, ever, ever. And nothing that
25 happened in 2015 or 2018 or 2020 made any difference to

1 that.

2 Second, with Hitachi, the same thing happened. Mr.
3 Frohwitter was representing Hitachi, he eventually acquired
4 those patents for IPCOM. This is back in 2007, 15 years
5 ago. And I think it's fair that Mr. Frohwitter probably
6 had some of the Hitachi licenses, but he held them as
7 counsel for Hitachi. He's not permitted under German law
8 to provide them to IPCOM. So he did not have the
9 documents, we had no ability to get them.

10 We heard over and over again about the supposed
11 change in the Hitachi relationship just before suit, as if
12 there was some conspiracy to prevent evidence from coming
13 to the court. It's just the opposite. I wish all that
14 stuff was here. I wish Mr. Frohwitter had been willing to
15 cooperate after he left the company, but he wasn't happy.
16 He's not a happy man. He's in his mid 70s; he does not
17 want to be involved in U.S. litigation. He did say to us,
18 and we told the defendants that he is willing to sit for a
19 deposition under the protection of German law. They will
20 allow depositions in Germany under the auspices of a judge,
21 and they filed a letters rogatory. Rather than move for a
22 continuance so they could get that deposition, they've
23 moved to sanction us by dismissing the case.

24 The e-mails. So for the license agreements
25 themselves, IPCOM as a party, as an individual, never had

1 possession, custody, or control of them. They were not
2 proved to IPCom, the company.

3 With respect to the e-mails, they sent us an ESI
4 request back to the middle of 2014, six years before suit.
5 There are no -- the transaction related to Deutsche Telekom
6 was in 2013. These other licenses were before then.
7 There's no reason to believe any of those e-mails still
8 exist anywhere. But if they did, they're outside their ESI
9 request.

10 When Mr. Frohwitter was working for IPCom, he
11 regularly copied other employees on the e-mails. If he was
12 communicating with a licensee, like most people
13 negotiating, there's a team. And his managing partner was
14 Mr. Frohwitter. The other managing partner was Mr.
15 Schoeller. Now, Mr. Budwin says, "Well, he wasn't the
16 lawyer, he was a business person." Yes, he was the
17 business person. The business person was Mr. Schoeller.
18 He was on the e-mails. We had hundreds of e-mails that we
19 produced with Mr. Frohwitter's name on them because they
20 were in the e-mail boxes of Mr. Schoeller and Mr. Suh and
21 others.

22 When we went to look for the e-mails, we found
23 something that I had never seen in my life and in my life
24 in litigation, which shows the unusualness, shows that it
25 wasn't an intentional thing set up by IPCom to prevent them

1 from getting evidence, but it's just an oddity of life.
2 Sometimes this happens. And what they did is they had 15
3 years ago probably, we don't know when, Mr. Frohwitter had
4 an IPCOM address, and he had it auto-forwarded to his law
5 firm address. And e-mails that went out under the IPCOM
6 address, went back through the IPCOM server. It happened
7 that the e-mails that he sent out through the IPCOM server,
8 they were stored. But the IT person who set it up didn't
9 check the box, so the incoming e-mails, his copies of those
10 incoming e-mails, say from a licensee, weren't stored in
11 the e-mail box. And that's been the same way for years.
12 For as long as we know.

13 So we went to look for them, but we realized we
14 didn't have them on his -- on the server. But it wasn't
15 because anybody changed anything, anybody spoliated
16 anything, anybody did anything as part of his departure
17 from the company in his 70s because he no longer wants to
18 be in this business, some nefarious plot, none of that.
19 It's just a simple -- I don't even know if it was a
20 mistake. It's the just the way it was. We didn't lose any
21 of his e-mails.

22 Now, when litigation started, we asked for his
23 assistance, and he said, "I cannot produce documents that
24 belong to my other clients." And how could it be
25 otherwise? He did give us the Hitachi patent prosecution

1 files which were transferred under the agreement to him as
2 a patent lawyer, produced them to us, and we gave them to
3 the other side.

4 This idea that these licenses were in his possession,
5 were hidden by us, whatever was in his possession was held
6 in trust for his other clients.

7 JUDGE GILSTRAP: Let me ask you this, Mr. Black.
8 When you and your firm were retained to bring this action
9 on behalf of IPCom, as a part of your due diligence as a
10 lawyer, being an American lawyer, understanding the
11 expectations of American litigation, and even more
12 specifically, having litigated in this court before and
13 knowing what the Court's expectations were with regard to
14 discovery, did it ever occur to you that this was going to
15 be a problem somewhere down the road, and were there --
16 were there steps taken or attempted to be taken where you
17 said to all these German lawyers, "This may not be a
18 problem in Germany, but when we go file this suit in
19 America, we're going to be expected to come across with
20 some of this stuff"?

21 Did those discussions ever take place, or did you
22 just say, "Sign me up. We'll go file the lawsuit, and
23 we'll cross all those bridges when we come to them"?

24 MR. BLACK: Well, that's a --

25 JUDGE GILSTRAP: I mean, I don't know what Mr.

1 Frohwitter understood about American law. I understand
2 what your firm understood about American law. And when you
3 were looking at this case to bring, I assume you did due
4 diligence as to where are the sources of discovery, and how
5 can we have access to them, and how can we ensure that we
6 can meet our obligations?

7 Were there red flags that went up, or is it just red
8 flags didn't go up?

9 MR. BLACK: So I have to be careful because you're
10 asking me a question --

11 JUDGE GILSTRAP: I'm not asking you to violate
12 anything privileged.

13 MR. BLACK: I understand. I understand, Your Honor.
14 I have to answer -- I'm going to answer the question, I'm
15 just going to do it carefully because I've got their
16 privilege issues here.

17 So when we took over the case, which was very --
18 which was late in the day, I'll say, we identified the
19 sources of potential evidence, obviously, the e-mails. We
20 did not know -- first time we learned that there was a
21 problem with the e-mail, with collecting e-mails from Mr.
22 Frohwitter was when we went to look at the server and after
23 we'd asked him to help produce his material, and he said he
24 couldn't do it.

25 He -- the relationship between IPCom and Mr.

1 Frohwitter has deteriorated over time. There's some
2 animosity between him and the company at this point, and he
3 is a -- I don't want to say disgruntled former employee,
4 but he's a former employee who's -- who's not happy, and
5 he, therefore, is willing to comply with his obligations to
6 his -- to IPCom and to his client, but he's not been
7 willing to go further than that.

8 The question on this motion is whether or not IPCom
9 bears responsibility for that. And if so, what remedy
10 should there be. People pass away, and their evidence
11 becomes unavailable. People move to other countries, and
12 their evidence becomes unavailable. People sometimes leave
13 their jobs and don't want to cooperate with their
14 employers. And in this case there really is no prejudice
15 to the defendants.

16 The main thrust of the initial motion was based on a
17 false -- false statements to the Court about our ability
18 and our knowledge of and the fact that we had received
19 these licenses at IPCom back in the 2007 or -- timeframe
20 when the -- when the patents were transferred. And that
21 just never happened. IPCom never got the licenses. And,
22 therefore, there's nothing that we could have done in 2005,
23 '10, '15, or '20 to -- to deal with the problem.

24 The e-mail's an issue, but there's no evidence that
25 any e-mails that are missing in the 2014 to 2020 timeframe

1 bear on the lawsuit. He regularly copied other people at
2 IPCOM, and we have those e-mails. And even the e-mails
3 that were received by him and weren't stored, unless those
4 e-mails were sent only to him and not to Mr. Schoeller, the
5 business person, or Mr. Suh, the other managing director,
6 we have a copy of them.

7 So we don't know what topic there was -- there is,
8 whether there's an e-mail in the ESI request period that
9 could be missing or that could have anything relevant to
10 the case. But there's no evidence that this was done out
11 of spite, a willingness to try to prevent the Court from
12 getting evidence. We're frustrated as well with our former
13 employee Mr. Frohwitter, but that's the -- those -- that's
14 the situation.

15 Now, I do take serious exception to the argument made
16 that because Mr. Frohwitter was retired -- there's a
17 suggestion made -- was more of a jury speech, that Mr.
18 Frohwitter who was retiring from this business, this was
19 all some setup to trick this Court and to come here without
20 evidence, and I just really take exception. I take
21 personal exception to it. The man is in his 70s, he
22 doesn't want be in the patent enforcement business anymore.
23 He's a German citizen, he doesn't want to be involved in
24 U.S. litigation. He has a right to retire. And he had
25 some equity in the company. I frankly doubt he'll get any

1 money out of this, but he is -- he is interested in that
2 sense. But he doesn't want to turn the materials over, and
3 there's not clear that there is anything that's even
4 relevant to the case. But the argument that the
5 restructuring of the company, that we restructured the
6 entire company and -- it's just nonsense.

7 On the Hitachi business, the idea that we
8 restructured the Hitachi arrangement prior to this case as
9 some means to hide evidence, that's also nonsense. The
10 provision he read is almost verbatim in the 2014 agreement.
11 There's a 2014 agreement where Hitachi said, "We're not
12 going to be willing to get involved in the future," and
13 that provision was brought over almost verbatim into the
14 2020 modification.

15 But fundamentally, Your Honor, they've whipped up a
16 story that there's some massive scheme here to prevent you
17 from getting -- from the jury from hearing the evidence in
18 the case that's relevant, that IPCom are a bunch of liars
19 and cheats and manipulators, and it's just not right. But
20 this is a summary judgment motion. The predicate should
21 have been laid for some of this stuff in a Rule 37 motion,
22 and there's no basis for granting sanctions, let alone
23 terminating sanctions. This also isn't the sort -- this is
24 also the sort of conduct which has to be dealt with under
25 Rule 37 which has a very clear path of the things that you

1 have to decide and the rulings that you would have to make
2 in order to issue relief, and then you have to issue the
3 minimum relief necessary to remedy any problem that you
4 see, rather than terminating sanctions. It's not an
5 unclean hands defense.

6 Section 282 of the patent act defines what the
7 defenses are. Unclean hands, this sort of defense that
8 they're talking about here, it's not an unclean hands
9 defense. It's a Rule 37 issue. It should have been raised
10 earlier. But if we're going to have a -- if we're going to
11 have the issue play out at trial, it's going to have to be
12 decided by Your Honor under equity after the jury trial
13 when you can hear some evidence. So summary judgment, it
14 just doesn't fit the bill.

15 JUDGE GILSTRAP: Is it your view that there's a
16 formal unclean hands defense urged by defendants and
17 intervenors for a post verdict bench trial?

18 MR. BLACK: Their motion is styled unenforceability,
19 and they cite the law for unclean hands, and that's
20 problematic because the unclean hands case, the Federal
21 Circuit cases, the U.S. Supreme Court cases, they don't
22 involve anything like this. This is a discovery dispute.
23 Should have been brought under the discovery rules. We
24 should have made a record about what German law is, about
25 what actually happened. It's -- it's not -- if it's an

1 unclean hands defense, that defense goes to Your Honor. It
2 is an equitable defense which would bar the action. We
3 say, and I'll say it clearly, that the defenses under the
4 Patent Act are defined by Section the 282. This is not one
5 of them. The unclean hands cases they refer to, they're no
6 resemblance to this case whatsoever. This needs to be
7 analyzed under Rule 37, and they should have followed the
8 Rule 37 procedure. But if your -- no matter which way you
9 go, Your Honor, you have to determine intent of IPCOM that
10 there was some evidence that they had that they had an
11 intent to spoliate, and then you could issue a remedy. And
12 there are many different remedies. You won't even get
13 there, because they didn't intend to do anything here to
14 prevent this court from reaching a decision. But most
15 fundamentally, they have denominated as a summary judgment
16 motion, which means you have to give all inferences in our
17 favor. You can't possibly rule for them on intent, and
18 they've called it an unclean hands defense, and that's
19 where we are.

20 I think they didn't want to talk too much about Rule
21 37 because the obvious question is, Well, why do -- why
22 don't we lay some of the predicates for this with motion
23 practice? I don't know, maybe Mr. Frohwitter would have
24 been -- if there'd been an order from the Court saying that
25 certain things under German law were preempted by the U.S.

1 case, I don't know, there may have been issues that you
2 could have resolved and which would have assisted
3 everybody. They could have asked for a continuance, by the
4 way, if everything was so important with Mr. Frohwitter.
5 Mr. Frohwitter's still going to sit for a deposition in
6 Germany, as far I understand it. They just haven't taken
7 it yet.

8 So they took a shot, but they denominated summary
9 judgment for unclean hands. They admit that intent is at
10 issue. Can't find intent on this record -- or generally,
11 at summary judgment.

12 JUDGE GILSTRAP: All right. Thank you.

13 MR. BLACK: Thank you, Your Honor.

14 JUDGE GILSTRAP: Mr. Budwin, do you have anything new
15 that I haven't already heard you'd like to bring up? I
16 don't want to just rehash the earlier arguments. We don't
17 have time. But if there's something you've overlooked that
18 hasn't been argued or presented, I'll hear it at this time.

19 MR. BUDWIN: Your Honor, I think you've heard the
20 balance of the argument, and you understand the issues in
21 dispute. The only thing that I would clarify is that we
22 did move under both Rule 37, and as I showed Your Honor
23 earlier, that has a prejudice requirement, and we're
24 entitled to some relief if there's prejudice; and then a
25 separate intent requirement if intent's found, as well as

1 under the Court's equitable powers.

2 JUDGE GILSTRAP: All right.

3 MR. BUDWIN: Thank you.

4 MR. BLACK: Well --

5 JUDGE GILSTRAP: Go ahead, Mr. Black.

6 MR. BLACK: Only one thing.

7 JUDGE GILSTRAP: On the podium.

8 MR. BLACK: If it is a Rule 37 motion, how is it
9 timely? Discovery motions should have been in a long time
10 ago.

11 JUDGE GILSTRAP: All right. Counsel, I don't know
12 that I've ever had a motion quite like this presented
13 before, and I certainly don't recall ever having this kind
14 of a narrative presented in the guise or in the structure
15 of a summary judgment motion under Rule 56.

16 I'm going to deny the motion. I don't see any way
17 under the constraints of Rule 56 I can find intent or
18 resolve what are clearly open fact questions on this record
19 with what I have.

20 This clearly is a discovery problem, and how it was
21 not further raised during discovery, I don't understand.
22 Movants say they didn't move to compel because they
23 believed plaintiffs -- that plaintiffs didn't have
24 anything. Well, plaintiffs not having actual possession
25 but perhaps having means by which they could gain

1 possession in the future is one of the reasons you bring a
2 motion to compel and seek the support and available relief
3 the Court can perhaps fashion, given the unique
4 circumstances. That didn't happen here.

5 I'll determine after a verdict's rendered whether
6 there's a proper basis upon which to conduct a bench trial
7 regarding the equitable defense of unclean hands. There
8 seems to be some question about whether that's properly
9 been pled or raised in light of this, but that's not for
10 today. I don't see any basis procedurally that I can grant
11 summary judgment here based on what I've been presented
12 with.

13 It's clear that there's nobody here happy with the
14 way Mr. Frohwittter has positioned himself, but I don't have
15 any direct evidence that that attitude and intent is one
16 that's visited upon and bound upon IPCom. Certainly not
17 that would meet the narrow path open under summary
18 judgment.

19 So the motion's denied. If this is a viable issue
20 for a post trial -- post verdict bench trial, we'll take it
21 up at that point, but it is not a motion I can grant under
22 summary judgment.

23 And, Counsel, quite honestly it's 10 minutes till
24 noon. I don't know how we can take up another motion at
25 this point and not go well into the noon hour.

1 Here's what we're going to do. We're going to recess
2 for lunch. Ten minutes until noon. We'll reconvene at
3 12:45. Court stands in recess.

4 (Wherein a break was taken from 11:50 to 12:49 p.m.)

5 JUDGE GILSTRAP: Be seated, please.

6 Counsel, we'll reconvene the pretrial conference in
7 the IPCom vs. AT&T, et al., matters.

8 With regard to docket No. 160, the defendants' and
9 intervenor's motion to dismiss for lack of standing, I have
10 determined the outcome here based on the papers. I don't
11 need to hear additional argument. As a matter of fact, I
12 have a multi-page written order in at least a second draft
13 that should go out either today or tomorrow on this.

14 And the Court's ruling is going to be that this
15 motion is denied.

16 So we can skip over item 160 -- or docket No. 160,
17 and that will take us to intervenor's motion for partial
18 summary judgment of non-infringement based on license and
19 exhaustion. This is document No. 172.

20 Let me hear argument from counsel on this.

21 MR. ACHEY: Good afternoon, Your Honor. Wes Achev
22 with Alston & Bird representing intervenor Nokia of America
23 Corporation.

24 JUDGE GILSTRAP: Good afternoon, Counsel. Please
25 proceed.

1 MR. ACHEY: My understanding is that we should move
2 through these as quickly as possible, and I will do that.

3 JUDGE GILSTRAP: We're going to have to.

4 MR. ACHEY: I will do just.

5 JUDGE GILSTRAP: You can assume I've read the
6 briefing, so if you want to start with the most salient
7 points, that would probably be efficient.

8 MR. ACHEY: Yes, Your Honor.

9 Mr. Moreno, if you could just quickly go to slide 7.
10 This isn't in dispute, but this is just an overview of how
11 Nokia of America has a license stemming from the Hitachi
12 AT&T agreement. That license flows from AT&T, which was
13 then Trivested to Lucent NCR, and the new AT&T goes to
14 Alcatel-Lucent to Nokia, and then Nokia of America
15 Corporation. None of this is in dispute, but that is how
16 you get from a 1988 agreement between AT&T and Hitachi to
17 Nokia.

18 So if you could now go -- let's skip to slide 9,
19 please. So let's first -- as Your Honor's aware, this
20 license agreement impacts two of the Hitachi patents, the
21 '261 and the '463, so I figure I should probably start by
22 explaining how those -- why those two patents are covered
23 by this license agreement. And the reason they are is
24 because the -- both the -- go to slide 12. Both the '261
25 Patent and the '463 Patent were filed in 1996, August and

1 December respectively. And they were filed in Japan as
2 applications, and because of that, they meet the definition
3 of Hitachi patents which covers all Hitachi Patents that
4 were filed in any application around the world prior to the
5 end of 1996. So they're covered by the license.

6 In addition, as you can see here, it's clear that
7 Hitachi was the owner of these patents when these patents
8 were filed in Japan. You can see that Hitachi was
9 identified as the patent holder. So there's -- these are
10 covered by the license. The next question is whether the
11 accused Nokia-based stations are covered, and the answer to
12 this hinges on the interpretation of the, quote, of the
13 kinds language --

14 JUDGE GILSTRAP: Okay.

15 MR. ACHEY: -- that is in the license agreement. And
16 so all the accused bay stations of the kind of the products
17 and services that were sold by AT&T prior to January 1st,
18 1993, that's the issue, and the answer is simple. AT&T was
19 selling cellular base stations in 1990 -- before 1993.
20 That's undisputed. The accused products are cellular base
21 stations. That is the same kind of product. That fact
22 alone should resolve this issue. But if there's any doubt
23 about how broadly this license should be interpreted, I
24 think it's important that we look to the fact that three
25 different courts have construed this exact language. And

1 not just this exact language, but this exact language from
2 licenses that were related to AT&T and Alcatel that
3 resulted from that Trivestiture that I mentioned earlier.

4 JUDGE GILSTRAP: Let me stop you, Counsel. You've
5 got on the screen the High Point vs. T-Mobile case. Given
6 that this is a per curiam opinion, given that it's
7 non-precedential on its face, how am I supposed to afford
8 this precedential impact or effect here?

9 MR. ACHEY: I don't know that you necessarily have to
10 afford it precedential effect, but I think it is very -- it
11 is clearly relevant to how to -- how this patent license
12 should be interpreted, because, again, it's dealing with
13 the exact same language, the of the kinds language, and
14 this is a patent license that was originated with AT&T. So
15 the --

16 JUDGE GILSTRAP: I mean, if the Federal Circuit
17 wanted me to apply this kind of analysis and come to this
18 kind of result when of the kinds is used in the future, why
19 wouldn't they have made it precedential? Why would it --
20 why wouldn't one of the three judges on the panel have
21 authored it and made it something other than per curiam?
22 It just -- it seems like to me it either has got to apply,
23 or it doesn't apply. And in light of the clear intention
24 to make it non-precedential, and it being a per curiam, you
25 can't say it's informative but not precedential. It's

1 either going to be precedential and inform the court, or
2 it's not precedential, and it really doesn't inform the
3 court. It looks like to me it's a binary choice.

4 How can it be something that I'm supposed to be
5 guided by and informed by, and, yet, the Federal Circuit
6 clearly intended it be non-precedential and wrote it as a
7 per curiam opinion rather than one authored by any member
8 of the panel that heard the argument? That's my problem
9 with High Point.

10 MR. ACHEY: Okay. And I understand that, Your Honor.
11 I know it's -- I realize it's not precedential, but I do
12 think it's -- it at least sheds some light on the relevance
13 of the breadth of these claim terms. And that's not -- but
14 that's not the only --

15 JUDGE GILSTRAP: Do you think it's appropriate to
16 brief this issue by citing a non-precedential opinion to
17 the Court? I mean, you cite this in your briefing and make
18 a big deal out of it.

19 MR. ACHEY: I think it's appropriate to point the
20 Court to other licenses that have been interpreted, whether
21 precedentially or not, by other courts that have similar
22 language so that the Court can take that into account when
23 making its own determination of the scope of the patent
24 license.

25 JUDGE GILSTRAP: Again, I either take it into

1 account, or I don't take it into account. There's not a --
2 there's not a middle ground here that I can see.

3 MR. ACHEY: Okay. Well, if you're -- if Your Honor's
4 inclined not to take it into account, there's still
5 additional evidence, undisputed evidence on the record that
6 shows the intent of how broadly this language should be
7 interpreted.

8 JUDGE GILSTRAP: I'm happy to hear those arguments.

9 MR. ACHEY: Okay. If you -- we had -- so Mr. Bernie
10 Zucker, was a former AT&T lawyer. He started in AT&T back
11 in the early '80s, so well before the 1988 agreement was
12 executed. He was -- he's a retired individual. He doesn't
13 -- he no longer works for Nokia, but he sat voluntary for a
14 deposition in this case. He did not get any compensation
15 for his time. He sat voluntarily. And he testified at
16 pretty good length about how the purpose of this type of
17 language, this of the kind language was to protect what he
18 had called protect the business.

19 And the point that he was making in his deposition
20 was that you will always try to make sure that the current
21 products that were being sold by AT&T were protected, but
22 also future development products. Products that were going
23 to be down the line. And he specifically testified that
24 this is -- that this is the type of language that provided
25 that broad patent license.

1 And we have those -- his testimony can be found at
2 Exhibit N in our opening brief. And so the only -- the
3 only evidence that we have of -- of the intent for how
4 broadly this patent license term should be applied is test
5 -- undisputed testimony from a lawyer that was working for
6 AT&T during that time that explained that that was the
7 purpose of this language, to grant a broad license so that
8 not just current products were being covered, but future
9 products.

10 And that makes sense, and that's -- the license
11 doesn't say products at the time of the license. It
12 specifically uses the phrase of the kind of products that
13 are -- that are around during the effective date. That is
14 purposely meant to be a broader license than simply saying
15 the products that are at issue at the time.

16 So the fact that the accused products are slightly
17 different, they're technologically advanced from the type
18 of base stations that were sold by AT&T in 1992, is
19 irrelevant. They're still the same kind of products. They
20 are still cellular-base stations that were sold in 1992,
21 and the accused products are cellular-base stations today.
22 And so the -- using the plain and unambiguous language from
23 the patent license itself, it leads to one conclusion, that
24 Nokia has a license.

25 JUDGE GILSTRAP: I mean, if this were claim

1 construction, and the claim language were of the kinds, I'd
2 be expecting an indefiniteness argument. I mean, you're --
3 you're satisfied it's just crystal clear, that it's not
4 subject to -- you know, a 2021 Tesla is an automobile; a
5 1932 Packard is an automobile, but there's a lot of
6 difference between those two.

7 I mean, is a base station a base station, a base
8 station, and it really doesn't matter if it's one from many
9 years prior in this kind of a context? Is that your
10 argument?

11 MR. ACHEY: I agree that at some point it probably --
12 the products get too different from what was around, but I
13 think given how broadly we know this type of language
14 should be interpreted based on Mr. Zucker's testimony, that
15 the fact that a base station is accused now and base
16 stations were around prior to '93, it does -- my opposition
17 is it does indeed correlate. That should be covered by the
18 scope of this license.

19 JUDGE GILSTRAP: If the Court finds that of the kinds
20 is unambiguous, doesn't that leave us with a fact question
21 for the jury to determine? Here's a product that was in
22 existence at the time of the license; here's the product
23 today. Does this product today fit within the unambiguous
24 parameters of other kinds? Isn't that a fact question?

25 MR. ACHEY: It -- perhaps it could be, but, again, I

1 think, you know, this type of inquiry has been -- is ripe
2 for ruling on summary judgment. I mean, that's exactly
3 what happened in the High Point case. It was a motion for
4 license and exhaustion on summary judgment grounds, and the
5 language of that was determined to be broad enough to -- to
6 not create a fact dispute, even though in that case the
7 accused product at issue wasn't even invented at the time
8 -- at the relevant time. There was no such thing as a
9 media gateway at the time of the license. But still,
10 because it was broadly considered to be the same general
11 type of product, the same kind of product, it was subject
12 to summary judgment. But, Your Honor, that's -- that's our
13 argument.

14 JUDGE GILSTRAP: Okay.

15 MR. ACHEY: It's broad enough to cover it, and the
16 patents fall within the scope of the license.

17 JUDGE GILSTRAP: Thank you. Let me hear a response
18 from plaintiff, please.

19 MR. BLACK: Thank you, Your Honor. I think you're
20 tipping me on the head. It's a little bit like claim
21 construction. Once you construe the claim, that leaves a
22 fact issue as to how to apply that claim against the facts
23 of the case. We have competing expert testimony with
24 respect to what -- of the kinds meant to someone with skill
25 in the art at the time, and that creates a fact issue.

1 I can -- I can illuminate a little bit on the High
2 Point case because I happened to argue that motion in that
3 case, and I remember it very well because I walked into the
4 courtroom in Camden, sat down, and Judge Irenas, who was an
5 excellent judge, since passed, he comes out the door right
6 about the distance from here to the bench, and he stops in
7 the middle, turns around as all the lawyers rise, he
8 deadpans. He says, "Ah, the patent lawyers have risen from
9 their coffins." So I'll never remember -- I'll never
10 forget that one. And the motion went downhill from there.

11 But the facts were -- the facts were quite different
12 in that there were -- the MGW at issue was a switching
13 system, and they had made lots of switching systems, and on
14 those facts, I think we probably would have had a trial
15 down here, but in the Third Circuit, maybe not.

16 But the fact of the matter is, we got a dispute about
17 whether the primitive analog cells that were being sold by
18 AT&T are the same kind as what's been made today, and it's
19 just an issue we have to let the jury decide. Thank you.

20 JUDGE GILSTRAP: Well, I have a sticky note to myself
21 up here on the bench I try to abide by. I don't always
22 abide by it. But in big bold letters it says, "Don't say
23 it." Obviously, the judge in New Jersey didn't have such a
24 sticky note on his bench -- her bench, whatever.

25 I think there's a fact question here that prevents me

1 from granting partial summary judgment. I'm going to deny
2 the motion.

3 All right. Next up is defendants' motion for summary
4 judgment of ineligibility pursuant to 35 U.S.C. section
5 101. And this goes to and is directed towards the '822 and
6 the '909 Patents.

7 Let me hear from the moving defendants, please.

8 MR. PANDYA: Good afternoon, Your Honor. Brian
9 Pandya on behalf of the defendants.

10 JUDGE GILSTRAP: Good afternoon, Counsel. Let me
11 hear your argument, please.

12 MR. PANDYA: This case is like many patent
13 eligibility cases where whatever the merits the invention,
14 the claims are too generic and too generalized. Our
15 patents here claim sending a message, which courts have
16 consistently found to be an abstract idea.

17 Now, if we look at Claim 1 of the '822 Patent, but
18 this reasoning would also apply for the '909 Patent, the
19 claim -- what the claim recites is sending an SMS message
20 according to a known SMS standard. You have a message with
21 a header and a data portion, you have identifying
22 information inside the data portion. That's it.

23 Now, it makes no difference for patent eligibility
24 whether the identifiers are used to identify an MMS message
25 or even if the messages are formatted. Those are field

1 abuse limitations. But as the Federal Circuit, and frankly
2 the Supreme Court has held, a narrow abstract idea is still
3 an abstract idea. You're still sending data in the known
4 data format. So I think what we're missing here is there's
5 just no addition to the abstract idea. If they'd invented
6 a new message format or a new way of sending an MM -- an
7 SMS message, perhaps the arguments would be different here.
8 But that's what distinguishes our case from cases like In
9 Fish or Packet Intelligence, and puts it into the realm of
10 cases like Prism Intellectual Ventures, Drop Box, and the
11 numerous other cases which Your Honor is well-familiar
12 with, dealing with patent eligibility.

13 So we would ask that -- again, I'm happy to get into
14 specific questions, but we would ask that the Court find
15 these claims to be abstract. And then on the second point,
16 again, what we're talking about here is sending of --
17 sending of a message in a known data format, and there's
18 also not enough to get over the second step of the patent
19 eligibility analysis here because everything that the
20 plaintiffs are pointing to as the benefits of the invention
21 flow from the abstract idea itself. And, you know, the way
22 IFM will look at these cases when I'm thinking about patent
23 eligibility is are we trying to take a narrower slice of
24 the pie, or are we adding to the pie here. And the claims
25 here are slicing up the pie in a more narrow way, but they

1 do not change the fundamental nature of the -- of the
2 claimed invention.

3 JUDGE GILSTRAP: Let me ask you this, Counsel. I
4 worked my way through law school working for a common
5 carrier, trucking company, and we had big trucks and little
6 trucks.

7 MR. PANDYA: Sure.

8 JUDGE GILSTRAP: And rather than send the big truck
9 that was going out of town for a distant delivery to five
10 different locations in the area to pick up the various
11 parcels and cargo that we're going to make the entire load,
12 the little trucks went out and got those and came back and
13 loaded the big truck, and then the big truck left.

14 MR. PANDYA: Yep.

15 JUDGE GILSTRAP: It seems like to me, in a very
16 analogous way, that's what these claims are directed to.
17 Rather than sending the big message back and forth and back
18 and forth, it sends the little message and picks up the
19 pieces to send the big message once.

20 Now, if that analogy is anywhere close to being
21 accurate, why isn't that a material improvement on the
22 process that keeps this from being directed to a purely
23 abstract or a primarily abstract concept?

24 MR. PANDYA: Yeah, let me address that in -- first in
25 lay terms and then put it against the Federal Circuit case

1 law.

2 First of all, I don't think the analogy of using a
3 big truck or a little truck is what survived under Alice.
4 That is, I think, an abstract idea, the method of
5 organizing human activity. That was -- that was the type
6 of -- for lack of a better word, a commerce patent that
7 would not be protectable under the Federal Circuit case
8 law, so I actually like that analogy, but if -- if --

9 JUDGE GILSTRAP: Yeah, it's an analogy. It's not an
10 interpretation of the language.

11 MR. PANDYA: Right. But I think if we -- I'll give
12 the more technical answer now that if we look at what the
13 claim is claiming here, our problem with the claim for
14 patent eligibility purposes is that what is being claimed
15 here is using a known data format. There's no dispute from
16 plaintiffs from the text of the patent itself if we look at
17 columns 1 through 4 that SMS message formats were known.
18 So what is being -- what is being claimed here by the
19 patent is a known format of sending data, just as it's
20 known to you as a big or small truck. That may be clever.
21 That may have some other usefulness, but that does not make
22 the idea less abstract.

23 And then the third point I would make to that -- to
24 that -- you know, to the analogy is, now whether -- whether
25 that is, in fact, inventive, that may help on the second

1 step, but that does not make the patent any less abstract.
2 The claims here are still drawn. Whether it's drawn
3 broadly or narrowly, drawn to the idea of sending -- of
4 sending data in a known format, sending an SMS message
5 which existed as of -- as of the filing of these patents 20
6 plus years ago.

7 JUDGE GILSTRAP: So you think my overly simple
8 analogy may have some application to step 2 but not to step
9 1.

10 MR. PANDYA: Correct. If it has, I think it's
11 actually helpful to the step 1 analysis because it shows
12 the -- in many respects the simplicity or the abstractness
13 of what is -- of what is -- you know, when we -- when we
14 look critically at the claim language of what is actually
15 happening here.

16 JUDGE GILSTRAP: What else do you have for me?

17 MR. PANDYA: Happy to take any questions, but I'm
18 mindful of your admonition to move these along here, so I
19 will end my time.

20 JUDGE GILSTRAP: Let me hear from the plaintiff.

21 Thank you.

22 MR. PLIES: Your Honor, Jeff Plies for IPCom. So at
23 the time that the invention is being conceived in late
24 1999, the inventors recognized that there was problem with
25 the state of MMS development that was undergoing

1 development in the industry. They recognized that there
2 was sort of two different classes of messages, MMS
3 messages, that would need to be sent. There were what were
4 called notifications or overhead messages which tended to
5 be short, and then there were what were called actual user
6 messages. Those are the long messages that contain the
7 actual video or audio content. And the inventors
8 recognized that those two disparate classes of MMS messages
9 may need different types of transmission schemes in order
10 to optimize the overall telecommunications network.

11 Now, their solution to that problem was not abstract.
12 It was actually a specific implementation, a specific
13 solution. And I think it's helpful to look at the claim.
14 So putting up claim 1, Your Honor, the preamble, we're
15 talking about a method from transmitting messages in a
16 telecommunications network. And when we go to the first
17 body limitation, and I'll read to the second comma,
18 "Sending a message of the dedicated first group of messages
19 of the first message service using a short message of the
20 second message service." There's actually a lot of
21 specificity in that very first limitation. Like, there's
22 at least four things that are very specific about it.

23 First of all, when we're talking about the first
24 message service, that's not any message service, it very
25 specifically has to be an MMS multi-media message service.

1 We know that because if you look at the penultimate Wherein
2 clause, it says that the first message service is MMS.

3 The second thing to note is that message of the first
4 dedicated first group of messages, that can't be any MMS
5 message, it has to be selected from the messages that are
6 listed in the last Wherein clause in yellow. You'll see in
7 that wherein clause in yellow there's nine particular MMS
8 messages that can be sent, and that first body limitation
9 says, "I have to select one of those nine." So that also
10 increases the specificity of solution.

11 Third, Your Honor, is that this Court construed that
12 first claim element to mean that the message has to be
13 formatted according to the first message service. In other
14 words, a native message of that service selected from among
15 the dedicated first group of messages.

16 You may recall, Your Honor, during the Markman
17 process, that during prosecution there was a bunch of prior
18 art where there were short messages that were sending
19 information about MMS messages that were somewhere else but
20 did not actually contain the MMS message itself. And in
21 distinguishing that art, we ended up with this construction
22 that you actually have to have the native formatted message
23 in there. So that's the third thing that narrows that
24 first claim element.

25 And then the fourth thing that narrows it is you're

1 sending it in a short message of a second message service.
2 Again, that's not any message service. As we see again in
3 the penultimate Wherein clause, that's specifically an SMS
4 message service. So there's a lot of specificity right off
5 the bat in every first claim element.

6 And then as we continued on, it says that the short
7 message being provided with a header portion and a data
8 portion, you see that in the figure to the right. And then
9 it goes on to say that in that data portion, we're going to
10 include an identification of the type of the message of the
11 first message service.

12 So now I'm introducing the concept that I have to
13 include a type identifier, and that type identifier has to
14 identify the type of MMS message. And in addition, I can't
15 put that identifier anywhere -- it can't go in the header,
16 it has to actually go in the data portion. So that also
17 makes the claim more specific. It says, "particular
18 implementation."

19 If we move on to the next claim element, wherein the
20 short message includes an identifier in the data portion
21 for indicating a presence of the message, the first message
22 service in the data portion. So now I've introduced the
23 concept of having a second identifier, this time to
24 indicate the presence of an MMS message. That MMS message
25 must be in the data portion. It can't be in the header.

1 And, also, that identifier also can't be anywhere. It has
2 to be in the data portion. It also can't be in the header.
3 And then it goes on to say Wherein that identifier is
4 distinct from the message, the first message service. So I
5 have to put both the MMS message and that second
6 identifier, both of them in the data portion, but they
7 can't be the same thing. They have to be distinct
8 entities. Right? So you can see this claim is, you know,
9 quite specific when you actually start analyzing the claim
10 elements.

11 JUDGE GILSTRAP: Well, specific may not be the same
12 thing as abstract. Is it your position that this is
13 directed to an abstract concept and just happens to be
14 additionally novel and adds some inventive step, or is it
15 your position that it's directed to a nonabstract concept
16 to begin with, and we don't get to step 2?

17 MR. PLIES; Your Honor, it's our position that it is
18 not abstract, and the inquiry should end at step 1 of
19 Alice. In the alternative, at the very minimum, there's a
20 claim here to the inventive concept, and at least fact
21 disputes relating to whether the claim elements were, you
22 know, conventional in which summary judgment can't be
23 granted.

24 JUDGE GILSTRAP: Give me your best argument that it's
25 not abstract.

1 MR. PLIES: Well, for one thing, on the slide I just
2 put out, it's clear that it's -- what the claim is
3 providing for is a definite improvement in the
4 functionality of the operation of the telecom network.
5 And, of course, as we know from the case law, that's an
6 important consideration in determining whether or not the
7 claim is abstract or not.

8 And we see repeatedly in the specification that they
9 talk about optimizing the transmission scheme by sending
10 this MMS message in the SMS, and it's explained there on
11 the left hand of the slide where the inventors explain the
12 specification that if we did not send the short MMS
13 messages using SMS in accordance with the invention,
14 instead they would have to be sent using one of these other
15 line oriented transmission schemes such as GSM, GPRS, or
16 UMTS. And the problem with having to do that with -- was
17 because that those other transmission schemes required a
18 lot of setup overhead. And by instead sending the MMS
19 messages using SMS, I could dispense with all that overhead
20 in setting up those line oriented connections.

21 And then the spec goes on to say that that enabled
22 reliable transmission of these dedicated group of MMS
23 messages, and because you're making use of that existing
24 SMS infrastructure to send those MMS messages, you don't
25 have to invest in additional signaling equipment for them.

1 So that's a big, you know, cost infrastructure issue.

2 And, again, SMS was known to be a bandwidth-friendly
3 transmission scheme, and so that could be now applied to
4 this dedicated group of MMS messages. So I think when you
5 look at the claim, you look at the elements they're -- the
6 claim elements are specific about what has to be included,
7 where it has to go, and then all of this culminating in an
8 invention that provides these improvements to a telecom
9 network shows that the claims are not abstract.

10 And then we also know that in the analysis for Alice,
11 mostly in step 2, but also to some extent in step 1, that
12 the claims have to be, you know, an advancement over the
13 prior art and not well-known or conventional. Well,
14 there's at least two claim elements that we presented in
15 our briefing that not only were not well-known, they
16 weren't known. So that very first element that we talked
17 about, the sending of a message to the dedicated first
18 group that the Court construed, the board during the
19 examination relied upon that element as distinguishing all
20 the prior art that was asserted during the reexamination.

21 And then similarly, Your Honor, in this case, Dr. Chrissan,
22 our invalidity rebuttal expert, he's looked at all the
23 prior art the defendants have brought in this case, and his
24 position is that none of them teach that limitation. So
25 not only during reexamination did none of the references

1 teach that claim element, descending claim element, but nor
2 did any of the new references that the defendants have come
3 up with.

4 And then similarly we went through those
5 identification limitations, and in particular the type ID.
6 During prosecution, again, the patentee pulled it out to
7 the examiner and to the board that the novelty in allowing
8 the patents is in the specific implementation details from
9 inventing the MMS and identifying the MMS messages as such.
10 Not the general notion of imbedding one type of message
11 within another type of message. And, again, Dr. Chrissan
12 has looked at all the art that the defendants rely upon,
13 Your Honor, and in his opinion, none of them teach this
14 claim element.

15 So whether you look at the claim as a whole or
16 whether you even look at individual elements of the claim,
17 we have expert opinions in this case that none of that was
18 known, none of it was certainly well-known. These were
19 certainly an advancement over the prior art providing
20 improvements to the operation of the telecommunications
21 network.

22 So, again, at a minimum, you know, we think the
23 analysis ended at step 1. This is not abstract. And,
24 again, you know, obviously you have to be cautious
25 comparing one case to another because the claims are always

1 very different, but I think if you look -- stack our claim
2 up against, you know, claims that have been found to be
3 abstract, our claim does not really fall under that class.
4 It definitely falls more into the class of the claims that
5 the courts generally uphold as being not abstract and a
6 specific implementation.

7 JUDGE GILSTRAP: So you think this falls in the
8 progeny of something like In Fish? Is that what you're
9 arguing?

10 MR. PLIES: Yes, Your Honor, In Fish or Packet
11 Intelligence, and even the Intellectual Ventures case, Your
12 Honor, that they rely upon out of Delaware, there was some
13 multimedia messaging claims that were invalidated in that
14 case on 101, but those claims, if you just look at them,
15 are, you know, clearly a lot -- very abstract. But in the
16 very same opinion, there's claims that are a little bit
17 more specific that I think more reasonable our claims, that
18 the same court upheld as being eligible under 101.

19 JUDGE GILSTRAP: All right. Thank you, Counsel.

20 MR. PLIES: Yes, Your Honor.

21 JUDGE GILSTRAP: Anything further? Let me rephrase
22 that. Anything new further?

23 MR. PANDYA: Well, I want to make one point, and I
24 think Mr. Plies said that SMS was very bandwidth -- was a
25 very bandwidth-friendly scheme, which if that is true, all

1 the -- all of the gains and functionality, or all the gains
2 and efficiency they're pointing to flows from that purpose,
3 but that is the abstract idea. If we take a look at, for
4 example, figure 4 and 5 of the -- of the '822 patent, that
5 is prior art, but that's also the structure of this claim.
6 So I think in essence what they're saying is, just to go
7 back to your analogy which I really like, is that saying
8 that by using a small van you save gas or you save diesel,
9 well, that's -- that's why you're using the small van.
10 That doesn't mean you've invented the small van. And just
11 like that in this case, you're using a known format to send
12 -- to send messages, and the fact that you may add extra
13 details about you stack boxes, you stack dry goods, you
14 stack clothing in the van, that does not change the nature
15 of the claim.

16 JUDGE GILSTRAP: Well, I mean, I agree that it's an
17 improvement in -- it's a cost savings, and the claim
18 language here seems to recite a specific method for
19 reducing overhead in the communications network. And when
20 that's put forward for the first time, that's something new
21 and novel, and it's not just a reordering of heretofore
22 theretofore known processes and steps.

23 What's your response to opposing counsel's argument
24 that this falls within something like the progeny of In
25 Fish or Packet Intelligence? Why would it not?

1 MR. PANDYA: Well, I think what would distinguish,
2 and I actually agree with counsel, but we have to be
3 careful because the claims at every case are different, and
4 we all know from the Alice case law that you can -- you
5 know, there's --

6 JUDGE GILSTRAP: I don't know what we know from the
7 Alice case law. I know what we don't know, but I'm not
8 sure what we do know.

9 MR. PANDYA: I think that the fundamental difference
10 between On Fish and a Prism Technologies and in this case
11 is that in those cases they invented a new type of a new
12 data structure or a new way of sending a message. Here,
13 they are re-slicing the way of sending an SMS message or
14 repackaging the existing SMS messaging structure.

15 Now, of course, defendants would argue that that's
16 not -- that in of itself is not new or novel, but that's
17 not a question for patent eligibility. The question is,
18 are we taking the same idea and just repackaging it in
19 another way? Those might be great arguments to address on
20 step 2 of the claims as to whether -- whether there is
21 something new here, whether they're actually adding to the
22 abstract idea, but what this patent is fundamentally drawn
23 to is taking a message, loading it with -- loading the data
24 portion of the message with identifying information. That
25 is sending an SMS message.

1 Now, what you do with it, the benefits of that, that
2 may all go to step 2, but this is not like In Fish or Prism
3 -- or Packet Intelligence where you're actually coming up
4 with a new -- a new type of message. This is more like
5 Intellectual Ventures, more like Drop Box, more like the
6 Prism case where you're taking an existing scheme, an
7 existing technology, and adopting a new -- or putting --
8 putting an allegedly new use or a clever way of using the
9 existing technology.

10 JUDGE GILSTRAP: Well, let me ask you this, Counsel.
11 You seem to be telling me that it's not directed to an
12 abstract concept, but you seem to be telling me in the same
13 breath all these other questions create fact issues as to
14 whether it is new and novel on step 2, which still
15 prohibits me from granting your summary judgment motion on
16 101. I mean, is there a basis you see for me to grant the
17 motion? Sounds like to me you're saying it's directed to
18 an abstract concept, but you're admitting that even if it
19 is, there are questions that are open about whether it is
20 or is not well-known and conventional or whether it's new
21 and inventive. Okay.

22 So I mean, we get to the same end result either way,
23 don't we?

24 MR. PANDYA: Well, I don't think so. First of all,
25 that's not my -- if that's -- that's not meant to be my

1 argument, but I think even if that is how you're receiving
2 the argument --

3 JUDGE GILSTRAP: That's what it sounds like to me.

4 MR. PANDYA: -- you could grant summary judgment on
5 step 1, and then step 2 would go -- would go to the --
6 would go to the jury that these claims are drawn to an
7 abstract idea. I think that has been done in other cases
8 that we've cited in the briefs, including, I think, the
9 Kaifi case. But I think what makes this case different is
10 that every benefit that they're claiming from the patent to
11 the invention flows from the abstract idea itself, and
12 that's a ruling that Your Honor can make as a matter of
13 law.

14 Your Honor can find that the benefits here of what
15 they said was reduced -- reduced overhead or reduced
16 bandwidth, well, that's a function of using -- according
17 their allegation, using an SMS message. But that is the
18 abstract idea. So I think Your Honor can resolve this on
19 step 2 as a matter of law based on Your Honor's claim
20 constructions, based on how the alleged benefits tie to the
21 claim language. But I think at minimum Your Honor can find
22 that this is drawn to an abstract idea of using SMS
23 messaging using a known data format to send messages.

24 So I think at minimum that can be resolved on summary
25 judgment to narrow the issues that then go to the jury.

1 JUDGE GILSTRAP: All right. All right. Thank you,
2 Counsel.

3 With regard to Document 174 and defendants' motion
4 for summary judgment regarding 35 U.S.C. Section 101, I'm
5 going to deny the motion, but I'm going to carry the
6 precise ruling of the Court.

7 In my view, this is either directed to a nonabstract
8 concept and survives step 1, or if it is directed to an
9 abstract concept, it clearly raises fact questions about
10 whether it is well-known, conventional, or otherwise. And
11 so I think as far as finding it ineligible, I'm going to
12 carry -- I'm going to deny that because I think it's a deny
13 either way.

14 Given the less than clear landscape that we all live
15 within in the area of 101, I'm going to consider the
16 arguments made, and you can expect a subsequent ruling in
17 writing from the Court, either concluding after further
18 reflection that it is directed to a nonabstract concept, or
19 finding that if isn't, that there are unresolved fact
20 questions as to step 2 that require a denial of the request
21 that the Court find is ineligible for patent protection as
22 a matter of summary judgment.

23 And I'll get you a ruling as to which of those two
24 paths the Court goes down, but either one of those paths
25 leads me to ultimately deny the requested relief that the

1 defendants are seeking.

2 All right. Let's go next to plaintiff's motion to
3 strike the expert reports of John Bone, the defendants'
4 damages expert, and other related topics.

5 Let me hear from the moving plaintiff, please.

6 MR. BLACK: Thank you, Your Honor. Mr. Black for
7 IPCOM, again.

8 JUDGE GILSTRAP: Please proceed.

9 MR. BLACK: Thank you. We have an interesting motion
10 here. I prepared a set of slides, but there are only three
11 of them. And let me just get right to it.

12 So Mr. Bone's report is quite unusual because it
13 hypothecates a negotiation not with the carriers, AT&T and
14 Verizon, but with suppliers who intervened in this case.
15 And so to analyze whether that's correct or whether there
16 should be a change in the law, which is what they are
17 asking for, we need to start with first principles.

18 And the first principle comes directly from Congress
19 in Section 284 which says, "Upon finding for the claimant
20 the court shall award the claimant damages adequate to
21 compensate for the infringement, but in no event less than
22 a reasonable royalty for the use made of the invention by
23 the infringer."

24 Now, we speak all the time about a reasonable
25 royalty, and we use that in these cases. It's never had to

1 be said before, but the statute said it, the infringement
2 has to be adequate to compensate for use made of the
3 invention by the infringer. Not by the infringer
4 suppliers, affiliates, but by the infringer.

5 How do we resolve that question? In the 1920s or so,
6 1930s, the Georgia-Pacific case came through and said,
7 Well, one way to do that would be to use as a matter of
8 economics a hypothetical negotiation where we assume a
9 number of things which are not real world, but what would
10 have happened had we tried to have a real licensed
11 negotiation rather than a litigation. And in that
12 contra-factual world, we have the patentee who's a willing
13 licensor and willingly sits down at the table to negotiate
14 in good faith. We also have the infringer. Infringer
15 appears in the room, sits down at the table and negotiates
16 as a willing licensee.

17 We can consider the factors under Georgia-Pacific.
18 Other licenses that the plaintiff had, other licenses that
19 the infringer had. The profits of the infringer. What the
20 benefits were to the infringer. All those things create a
21 new economic reality from which we discern or do our best
22 to determine what a reasonable royalty would have been that
23 the infringer would have paid.

24 JUDGE GILSTRAP: By the way, Georgia-Pacific vs. U.S.
25 Plywood's out of the Southern District of New York in 1970.

1 MR. BLACK: I thought it was a lot earlier than that.

2 Okay.

3 JUDGE GILSTRAP: Obviously you did.

4 MR. BLACK: I didn't know what you were looking up,
5 but I knew I was wrong about something. Okay. The
6 principles are much older though. The principles of using
7 expert witnesses and -- goes back to setting royalties back
8 in the equity court. That's what I was thinking of.

9 Anyway, it's well-established law either way, and we know
10 how do to that.

11 This motion is quite pernicious because it would
12 allow a defendant who made trillions of dollars using our
13 technology to substitute a supplier and then tie his hands
14 behind his back and say, "Oh, go look at somebody else's
15 situation." It would be like someone gets in a car
16 accident and says, "Well, I don't have to pay," or "I only
17 have to pay what my insurer indemnity would be willing to
18 pay under the circumstances." That's just not how the
19 statute's set up. It's contrary to case law. It's a new
20 test case, I think that they are sending, trying to send up
21 to the Federal Circuit. And if the Federal Circuit's going
22 to change the law, they should change the law.

23 JUDGE GILSTRAP: Let me ask you this, Mr. Black.

24 Aren't the asserted claims here method claims?

25 MR. BLACK: Yes, Your Honor.

1 JUDGE GILSTRAP: How does a manufacturer who sells a
2 product avoid falling in a category where it would be
3 expected they'd be apparatus claims instead of method
4 claims that were infringed?

5 MR. BLACK: Well, in this case -- so there's a method
6 claim, and they employ the method using equipment and
7 generate revenue and profit on that basis.

8 JUDGE GILSTRAP: Let me say it another way --

9 MR. BLACK: Okay.

10 JUDGE GILSTRAP: -- and perhaps a little more
11 clearly. This case is not about Nokia or Ericsson
12 infringing the asserted claims because they make the bay
13 station product as an apparatus; correct?

14 MR. BLACK: That is right.

15 JUDGE GILSTRAP: Okay.

16 MR. BLACK: That's right. And actually, the second
17 slide I had of my three slides is a depiction of the AT&T
18 network, a high level depiction. This -- and on the left
19 we have the MMSC. That sends out MMS messages. And on the
20 right we have the SMSC which sends out the SMS messages.
21 And as we've conveniently had the 101 discussion on these
22 patents a moment ago, Your Honor will know that these have
23 to coordinate together.

24 Now, it happens, then, the AT&T system, the switch on
25 the right, the MMSC is made by Nokia, and that in that same

1 system the switch on the right -- I'm sorry. The switch on
2 the right is made by Mavenir, the SMSC, and on the left
3 Nokia is the MMSC. And AT&T buys these pieces of equipment
4 from different manufacturers, puts them together in the
5 system, lots of other connections, interconnection, then
6 they run a service and send trillions of messages and make
7 a lot of money.

8 So the infringement here is based on the use of the
9 method, and it's wrong conceptually to talk about the sale
10 of the equipment as being relevant to damages. But it also
11 -- even if you were to accept this new principle that they
12 are proposing, it wouldn't work in this case because AT&T
13 is the one who put the equipment together from different
14 manufacturers. And Mavenir who's one of the key equipment
15 suppliers here isn't even mentioned in Mr. Bone's report.
16 So he's constructed a negotiation that involves for this
17 patent Nokia only, not AT&T, not Nokia and Mavenir. It
18 just doesn't make any sense on the facts.

19 Now, to be clear about what they've done in the
20 briefing, they've kind of tried to shift focus a little bit
21 and say that, Well, Ericsson and Nokia would be at the
22 table. I'm not sure what that means, but it doesn't change
23 the fact that AT&T is the decisionmaker. And just to be
24 clear about what he did, this is his report, it's paragraph
25 198. It's a paragraph in every damages report that says

1 who the negotiation is between, and here they say -- Mr.
2 Bone says the negotiation would have been between, one,
3 IPCOM, a willing licensor; and, two, Ericcson/Nokia, as
4 willing licensees intervening on behalf of their customers.
5 That's just not the law.

6 Ericsson and Nokia got to intervene and -- into this
7 case the rules of procedure allow them to do that, but they
8 can't change the negotiator. And why I say it's pernicious
9 is because what happens now when you go through the GP
10 factors, things like the value to the infringer are
11 completely different because you have different people
12 talking about the value to them. And Mr. Bone used that
13 construct throughout his report and did the whole report
14 from the standpoint of Ericsson and Nokia rather than from
15 the infringer, and that's just wrong.

16 Now, there was a case that came out, a Cal-Tech case
17 that they rely on their sur-reply brief. We haven't had a
18 chance to respond to that because we didn't have further
19 brief. It's completely different. Cal-Tech was at the
20 negotiation. The Federal Circuit repeated the language
21 that the negotiation is with the licensor. They
22 constructed a pretty bizarre, frankly, situation where
23 Apple and Broadcom were sued together, and that Broadcom's
24 chips in Apple phones would be negotiated only with Apple
25 but not with Broadcom. Federal Circuit said that was

1 contrived. It was. The Federal Circuit never said it was
2 appropriate to remove Apple from the negotiation. Quite
3 the contrary. That would require a change in binding
4 Supreme Court law.

5 So, look, what they've done here is they've tried to
6 set up some sort of test case. If there's going to be a
7 change in the law, then that's got to come from above and
8 not here. And I also point out that I do believe it's
9 going to be a major theme of their case that somehow
10 Ericsson and Nokia are the real defendants and not the ones
11 who actually benefitted from using our invention. And we
12 just think it's inappropriate.

13 And while it's rare, this is the case where they've
14 made an intentional decision to go down this road to set up
15 the negotiation improperly and knowingly, and the only
16 option here is to strike the Bone report.

17 JUDGE GILSTRAP: You're talking about the damages
18 report.

19 MR. BLACK: On damages. He has a second report
20 relating to the Hitachi license where all he's really doing
21 is spitting out the terms of the agreement, and he's acting
22 as a -- kind of a -- really, a lawyer getting on the stand
23 to interpret an agreement that he has no special expertise
24 in, and that shouldn't be permitted either. That's for
25 closing argument. He doesn't have any expertise in

1 interpreting what of the kind means, he's not technical.
2 He doesn't have any expertise in analyzing the
3 negotiations. He wants to discuss, for instance, testimony
4 from Mr. Zucker. Well, if Mr. Zucker wants to give
5 testimony, he needs to come, or they can read his
6 deposition. But there's no basis for having Mr. Bone
7 comment and reiterate Mr. Zucker's testimony as a guise to
8 allowing him to actually get on the stand and do what
9 lawyer do, which is make closing argument from the
10 documents.

11 So those are our arguments on Mr. Bone, unless you
12 have any questions, Your Honor.

13 JUDGE GILSTRAP: There was an element of this motion
14 originally that had to do with the Deutsche Telekom refund
15 litigation. I take it that that is no longer a disputed
16 issue, or what's your understanding of that?

17 MR. BLACK: My understanding is that we've agreed
18 that's not going to be discussed during the case, part of
19 the MIL process.

20 JUDGE GILSTRAP: Okay. We'll address it when we get
21 to the limine motion, but I'm going to overlook it for
22 purposes of this motion to strike, based on that
23 understanding.

24 Let me hear from the defendants and intervenors in
25 response, please.

1 MR. POWERS: Thank you, Your Honor. Jonathan Powers
2 on behalf of AT&T and Ericsson, and I'll be arguing this
3 one on behalf of the defendants and intervenors.

4 JUDGE GILSTRAP: Please proceed, Mr. Powers.

5 MR. POWERS: So two points. As Mr. Black noted,
6 we've got Mr. Bone's hypothetical negotiation analysis,
7 which was in his damages rebuttal report, and then his
8 license report which I'll touch on at the end.

9 On the hypothetical negotiation, the primary point
10 here, Your Honor, is that this is a fact issue. There's no
11 change in the law, as Mr. Black tried to frame it. Courts
12 routinely look at what -- courts routinely look at what
13 parties have done in the past to understand how the
14 hypothetical negotiation would have played out at the time.
15 And the facts here show, and IPCom doesn't dispute it, that
16 intervenors would have participated alongside their
17 customers, the carriers. And you'll see here in IPCom's
18 reply brief, they try and ask the Court to ignore this
19 history. They say, "IPCom's real world discussions, the
20 fact of AT&T, Vodafone, Sprint, Nokia, Ericsson, Huawei,
21 it's not relevant." As Mr. Black also alluded to, we had a
22 recent decision from the Federal Circuit in Cal-Tech where
23 the Federal Circuit completely disagreed with that. It
24 looked at what the record suggests would have happened in
25 order to determine which parties would be at the

1 hypothetical negotiation.

2 The other point, Your Honor, is that no court has
3 ever struck an expert for the reasons that IPCoM suggests
4 you should strike Mr. Bone. No court has ever said,
5 "You've added too many parties to the hypothetical
6 negotiation, and that's improper." Every case that IPCoM
7 relies on is a case where an expert left out the
8 patentholder from the hypothetical negotiation or left out
9 the defendant from the hypothetical negotiation.

10 JUDGE GILSTRAP: Well, let me -- let me stop you and
11 ask a question. You've got this Cal-Tech slide on the
12 screen right now. If I'm -- if I'm remembering correctly,
13 both Apple and Broadcom were accused infringers in that
14 case; correct.

15 MR. POWERS: That's absolutely right. And so --

16 JUDGE GILSTRAP: And neither Nokia or Ericsson are
17 accused infringer in this case, are they?

18 MR. POWERS: They're not, but they also haven't
19 stipulated that Ericsson and Nokia don't infringe. So what
20 they've essentially done is withheld their infringement
21 claims in order to up their damages analysis.

22 So it would be like if Cal-Tech had sued only Apple
23 in order to only get what was an \$800 million judgment
24 against Apple.

25 JUDGE GILSTRAP: I mean, I think the statute's clear

1 that it's infringement committed by the accused infringers.
2 Why -- I'm not sure I fully understand your statement about
3 they're playing games and not really accusing Nokia and
4 Ericsson of infringement today, with the impression or the
5 implication being maybe they will at a future date. But I
6 mean, if you truly believe that Ericsson and Nokia are
7 infringers or alleged infringers or standing in the same
8 position as AT&T and Verizon are here, there are means by
9 which you could have sought to have them declared to be
10 necessary and essential parties to the infringement case
11 and forced IPCom to put them in that posture.

12 So I don't know how you say they haven't said they're
13 not infringers as a reason why they should still be able to
14 be at the negotiation table.

15 MR. POWERS: So I agree with you, we could have filed
16 a declaratory judgment action. We didn't do that because
17 we don't think our customers practice these patents either.
18 But you're certainly right, we could have sought a
19 declaratory judgment action --

20 JUDGE GILSTRAP: And I'm not saying anybody's got to
21 make any kind of admission, but from a procedural
22 standpoint, you could have forced them into that posture,
23 could you not?

24 MR. POWERS: Certainly we could have. I don't think
25 that anybody thought they were going to file this type of

1 motion because I've never seen a court exclude an excerpt
2 from adding back in or adding in unaccused intervenors,
3 which sort of comes back to the point, they -- IPCOM wants
4 to do an end run around Cal-Tech by essentially not
5 accusing -- or not saying anything about how Ericsson and
6 Nokia may or may not practice their patents.

7 JUDGE GILSTRAP: Well, the problem I have, Counsel,
8 at the end of the day is the Bone rebuttal damages report
9 says that at the negotiation table would be IPCOM,
10 Ericsson, and Nokia. They don't put the infringers at --
11 or the alleged infringers at the negotiation table, as I
12 read it.

13 MR. POWERS: He absolutely does, and this was cited
14 in our brief. I don't have a copy of the deposition
15 transcript. This came up for 30 minutes during Mr. Bone's
16 deposition. It's also in his report. AT&T and Verizon
17 would both be at the hypothetical negotiation. He made
18 that extraordinarily clear. Their role in the hypothetical
19 negotiation would be to ask the intervenors to join, and
20 then all the parties together would negotiate a license
21 that's based on Nokia and Ericsson's revenue. And they say
22 that looking at Ericsson and Nokia's revenue is improper,
23 but that's -- that's just one side of the coin. The
24 revenue that Ericsson and Nokia make, that's money that's
25 paid by the carriers.

1 So if you want to know how valuable IPCom's
2 technology is, assuming infringement to the carriers, a
3 great measure of that would be how much are the carriers
4 willing to pay for the products that allegedly practice
5 this method. And IPCom's infringement contingents make it
6 extraordinarily clear the only products that practice their
7 method are products made by Ericsson and Nokia and the
8 suppliers.

9 And under this Court's patent rules, 3(1)(b), IPCom
10 had a choice to make when it put out its infringement
11 contentions. It could either identify each method or
12 process that it thought practiced the claim method, or it
13 could identify the products that practiced the claim
14 methods. It chose option two. IPCom chose to accuse
15 Ericsson and Nokia's products as the products that
16 practiced the claim method or process. Those are the
17 accused instrumentalities here. There's no dispute that
18 it's AT&T -- it's AT&T and Verizon supplier's products that
19 are accused of practicing the claim method.

20 JUDGE GILSTRAP: What else, Counsel? Talk to me
21 about the licensing report, if you're ready.

22 MR. POWERS: I am, Your Honor. So on the licensing
23 report, just very briefly two points. Mr. Bone, one,
24 incorporates this license analysis into his damages report.
25 We served it as a separate report not as a we want him to

1 conclude that Nokia and AT&T have a license, but to support
2 what he would then put out a month later in his rebuttal
3 damages report, which is if AT&T and Nokia are licensed,
4 here's how the damages are affected, because the license
5 only applies to Hitachi's patents. There's a little bit of
6 complicated factor in terms of if Nokia has a license, you
7 have to cut out the appropriate royalty for Nokia's
8 equipment for just two of the five patents that are
9 asserted. The math gets complicated, so we disclose how
10 the license supports the defense, but he doesn't make the
11 ultimate conclusion, and then he uses that, he relies on
12 that in his damages report, his damages rebuttal report.

13 And the second point is, sort of goes back to Mr.
14 Achey's motion earlier, this isn't complicated information
15 that's being synthesized here. You have a 1988 agreement
16 between Hitachi and AT&T that we're trying to show applies
17 to Nokia of America Corporation today. We have to trace
18 through all of these different parties. Mr. Bone does that
19 by analyzing SEC filings, the agreements themselves, to
20 synthesize that information for the jury. That's properly
21 what experts do, Your Honor. They can summarize,
22 synthesize complicated information, and that's what Mr.
23 Bone has done in his license report.

24 JUDGE GILSTRAP: All right.

25 MR. POWERS: And, Your Honor, if -- I have on the

1 laptop, at least the page from Mr. Bone's deposition. I
2 believe it's cited in our response, but it's page 14 --
3 docket 181, page 14, line 17 through 25, and the question,
4 I'll read it into the record. Mr. Bone was asked, "It's
5 your opinion that the primary parties of the hypothetical
6 negotiation would have been the intervenors, Ericsson and
7 Nokia; correct?" And Mr. Bone said, "Well, they would have
8 been the primary ones. The carriers certainly would have
9 been there as well."

10 JUDGE GILSTRAP: All right.

11 MR. POWERS: Thank you, Your Honor.

12 JUDGE GILSTRAP: Thank you. Anything further, Mr.
13 Black?

14 MR. BLACK: Just --

15 JUDGE GILSTRAP: Briefly, I hope.

16 MR. BLACK: Briefly. This is the infringement we've
17 alleged. It's a combinate -- it's AT&T use of this system
18 which is a combination of Nokia, and Mavenir equipment and
19 other things, AT&T gets the benefit.

20 His report did not discuss Mavenir. It portends that
21 Ericsson and Nokia would be at the table. It just doesn't
22 make any sense on the facts, even if you were going to
23 accept their view of the law. His report -- he said at his
24 deposition, he had some vague statement that he made, but
25 his report, which he's bound by, said that the negotiation

1 was with Ericsson and Nokia. And then when he did the
2 analysis, he ignored AT&T's contributions, he ignored the
3 value to AT&T. This is an artifice to drive down the
4 damages and to confuse the jury.

5 I believe Verizon tried something similar in the
6 Carousel case, and there have been many cases where when
7 the plaintiffs had the wrong negotiator, the reports have
8 been thrown out. When the shoe's on the other foot, the
9 same thing has to happen to the defendant, particularly
10 here where it's obviously quite intentional.

11 JUDGE GILSTRAP: Thank you. All right. With regard
12 to plaintiff's motion to strike expert reports of John
13 Bone, Document 181, as to the expert's rebuttal damages
14 report, I'm going to strike paragraphs 197 through 316. I
15 think that it's clear that he's failed to comply with the
16 structure required by 35 U.S.C. 284. Not only are the
17 intervenors who are not accused of infringement in this
18 case placed at the bargaining table in his hypothetical
19 negotiation, but they're in the front seats. And somewhere
20 behind them, perhaps, are AT&T and Verizon, but they're
21 passive, and they're not active in this report. The
22 active, the affirmative participants in the hypothetical
23 negotiation are not accused of infringement. I don't think
24 Cal-Tech is applicable here. And the portions of his
25 rebuttal damages report that I feel failed to comply with

1 the structure required by Section 284 are paragraphs 197
2 through 316, and I'm going to strike those portions of his
3 rebuttal damages report.

4 The remainder of his rebuttal damages report where he
5 takes the plaintiff's damages expert to task is certainly
6 proper, and it remains un-impacted by this ruling. But
7 that portion I'm going to strike.

8 With regard to the Bone licensing report, I'm going
9 to grant the motion, and I'm going to strike that in its
10 entirety. He doesn't have personal knowledge of these
11 documents that are handed to him by defendants. I don't
12 know any fair way for him to be cross-examined. One of the
13 cardinal sins of expert testimony is when it falls into the
14 category of being a conduit for hearsay testimony. And
15 that's what this appears to me to be, a pure conduit by
16 which Mr. Bone can testify to matters that are hearsay to
17 him, that he has no personal knowledge of, and it precludes
18 a fair cross-examination by the opposing plaintiff.

19 I'm going to strike his licensing report. I'm going
20 to consider the issue regarding Deutsche Telekom refund
21 litigation withdrawn for purposes of this motion. We'll
22 take it up when we get to the motions in limine.

23 But that will be the ruling with regard to this
24 matter.

25 All right. That brings us to IPCom's motion to

1 strike Dr. Daniel van der Weide's invalidity expert report.

2 Let me hear from the moving plaintiff on this.

3 MR. MATHEWS: Your Honor, before you proceed, could I
4 just address one follow-up question regarding your prior
5 ruling?

6 JUDGE GILSTRAP: You may.

7 MR. MATHEWS: Thank you. Nick Mathews representing
8 AT&T and Ericsson.

9 With respect to your ruling on the Bone rebuttal
10 report, we would also request leave to file a corrected
11 Bone expert report within one week. And I just want to
12 make that motion before Your Honor.

13 JUDGE GILSTRAP: I gather that's opposed by the
14 plaintiff?

15 MR. BLACK: Yes, Your Honor. Opposed.

16 JUDGE GILSTRAP: What would be the basis other than
17 you lost on this motion, Mr. Mathews?

18 MR. MATHEWS: Yeah, so, Your Honor, the basis would
19 be that we have heard Your Honor's guidance regarding the
20 hypothetical negotiation. Our view is that as set forth in
21 the report, the negotiation included the carriers and the
22 equipment suppliers. We're more than happy to remove the
23 equipment suppliers if that's -- in light of the Court's
24 ruling, we certain would. But, otherwise, those opinions
25 where the carrier is where the hypothetical negotiation can

1 still be presented, and I think that would resolve Mr.
2 Black's concerns.

3 JUDGE GILSTRAP: All right. I'm going to deny that
4 request. It sounds pretty straightforward to me that you
5 want to pull out Nokia and Ericsson but use the same end
6 result, and my ruling is not based simply on the fact that
7 Nokia and Ericsson are at the hypothetical negotiation
8 table in Bone's rebuttal damages report, but them being the
9 affirmative active parties, and the carriers being passive
10 and inactive leads to a flaw Georgia-Pacific analysis, and
11 simply exorcising the equipment manufacturers from that
12 portion of the report but leaving the rest of it intact, I
13 don't think -- A, I don't think that addresses the real
14 concern the Court has; and, B, if it's not a supplement
15 merely to exorcise and cut out the equipment manufacturers
16 and leave the rest of the results in place, it's way too
17 late in the game to start over with an altogether new
18 damages report and a new analysis of just the accused
19 infringers in isolation on their side of the table at the
20 hypothetical negotiation, and a complete analysis of the
21 applicable Georgia-Pacific factors in light of these facts.

22 It's too late for a complete redo, and a partial redo
23 doesn't solve the problem. So I'm going to deny your
24 request.

25 MR MATHEWS: Thank you, Your Honor.

1 JUDGE GILSTRAP: All right. Let's move to the
2 plaintiff's motion to strike Dr. van der Weide's invalidity
3 report.

4 MR. FISHER: Thank you, Your Honor. Michael Fisher
5 for IPCom.

6 Now, this motion relates to the '147 Patent for which
7 there's a co-pending inter partes review before the patent
8 trial and appeal board, and we're asking the Court to
9 strike certain portions of the invalidity report of
10 defendants' expert, Dr. Daniel van der Weide, due to
11 defendants' violation of certain stipulations that they
12 submitted to the PTAB.

13 Now, what happened in this case is that at the
14 initial stage of the IPR when the PTAB was considering
15 whether to institute the proceeding --

16 JUDGE GILSTRAP: I know about version zero and
17 version one.

18 MR. FISH: Okay. That's great. So the -- you know,
19 the whole reason that defendants and intervenors submitted
20 those stipulations was because the board has discretion to
21 deny institution of an IPR based not only on the merits of
22 the prior art, but also based on some discretionary factors
23 known as Vintu factors. One of the most important of which
24 is factor four which relates to the overlap of the issues
25 between the proceedings.

1 And the purposes of that factor is to avoid -- to
2 avoid inefficiency and possibly conflicting decisions when
3 you have the same prior art being asserted in both
4 proceedings.

5 Now, in this case intervenors submitted those --
6 those stipulations in which they -- the defendants promised
7 not to assert the same grounds, and the strategy worked.
8 You know, the board found that the stipulations mitigated
9 the concerns of overlap. They weighed that crucial Vintu
10 factor against denial of institution, and they granted
11 institution of the IPR. So then a few months later we
12 received Dr. van der Weide's report, and we noticed that he
13 had two entire sections of the report devoted to the same
14 obviousness combinations that the -- that the defendants
15 had promised not to pursue. And as Your Honor correctly
16 pointed out, it hinges on the difference between this
17 technical specification, TS25.331 version 1.0.0 versus
18 1.1.0, and it's a distinction without a difference, because
19 if you look at the very small number of edits between the
20 versions, none of them affect any part of that reference
21 that defendants and intervenors rely on. In fact, not only
22 that, the obviousness arguments are the same in both cases.
23 The whole point is that there's certain parameters of the
24 system that come from the Motorola proposal, the secondary
25 reference, and the idea is that they would insert that --

1 insert those parameters, they would add them to the hand
2 over command within TS25.331.

3 So, you know, the dispute here -- we believe that
4 there are three grounds for striking those portions of the
5 van der Weide report. There's breach of contract, judicial
6 estoppel, and equitable estoppel. And they all pretty much
7 hinge on the same issue which is the meaning of the phrase
8 "same grounds."

9 Now, in the first instance "the same" means
10 resembling in every relevant respect is what the dictionary
11 says. We have Exhibit J from our brief, which is the
12 dictionary definition of same. So it doesn't say that it
13 resembles in every single respect no matter how
14 superficial, it resemble -- it means it resembles in every
15 relevant respect, and there are no relevant differences
16 between the two versions of this technical specification.

17 Furthermore, Black's Law dictionary agrees. It says
18 that the word "same" does not always mean identical.

19 JUDGE GILSTRAP: Just can't get away from claim
20 construction, how hard I try.

21 MR. FISH: Well, we're doing our best, but sometimes
22 it just ends up there.

23 So to the extent that defendants disagree with this
24 interpretation, then the language of their stipulation is
25 ambiguous, and, of course, has to be construed against them

1 since they're the ones that drafted it. Now they contend
2 that same grounds was intended to exclude the exact same
3 obviousness combination using just a differently numbered
4 version of the specification of the technical specification
5 25.331 that contains exactly the same statements and
6 language that the intervenors are relying on in the IPR.
7 That's not a reasonable interpretation.

8 Defendants are also trying to manufacture some
9 differences between the two version -- the two versions.
10 For example, one of them was before the patent officer --
11 the patent office and the examiner, and one wasn't, but
12 that's completely irrelevant.

13 As we pointed out in our -- to the PTAB in our patent
14 owners preliminary response, the fact that version 1.1.0
15 was before the examiner, coupled with the fact that there
16 are no relevant differences between that version and the
17 one that's being asserted in the IPR means that the patent
18 office already saw this material. That's the whole point.
19 The two versions are essentially identical, so to see one
20 is essentially the same as seeing the other.

21 The defendants also point out that there's a
22 difference in the dates, but that doesn't matter either,
23 because both references predate our priority -- our
24 priority date anyway. We're not -- we've never disputed
25 that either of these references is sufficiently early to

1 qualify as prior art.

2 So in terms of the grounds of judicial estoppel,
3 there are two elements. The estopped party has to be
4 asserting a position clearly inconsistent with the previous
5 one, and the party must have convinced the court -- or in
6 this case, the PTAB, to adopt the previous position.

7 So with respect to the first element, there's no
8 dispute that defendants and intervenors took the position
9 before the PTAB that their stipulation would revolve the
10 overlap between the two cases. But then they turn around
11 and they reintroduce the exact same overlapping issues by
12 pursing an obviousness combination which is the same as the
13 one they're pursuing in their IPR, in the patent office.

14 The second element is also met. The PTAB relied on
15 the stipulations to waive Vintu factor 4, the one relating
16 to overlap in intervenor's favor. They granted institution
17 of the IPR. So had the -- had the board known that the
18 defendants were going to reintroduce the exact same
19 overlapping issues, the board would not have instituted the
20 IPR.

21 Now, defendants have also argued that the board's
22 institution decision said that they weighed the factor only
23 marginally against denying institution. Well, that's cold
24 comfort to us because the factor should have been weighed
25 strongly in favor of denying institution, and second of

1 all, of course, institution was granted.

2 So our view is that if the board had known what the
3 defendants were up to, the board never would have
4 instituted the IPR. In fact the PTAB was misled. If you
5 look at the stipulations themselves -- and I'll put one
6 example up on the Elmo. All right. So the stipulations
7 say, if you look at the second sentence, "For the avoidance
8 of doubt, grounds refers to the specific combinations
9 asserted in the IPRs but not the prior art references
10 themselves." So any reasonable person reading this would
11 -- would interpret this as meaning that defendants were
12 reserving their right to take these same prior art
13 reference -- references and maybe assert them as
14 anticipation references, or maybe to take them and combine
15 them in different ways with other secondary references, for
16 example. But no one would have expected them to take the
17 exact two references that are listed under bullet point
18 three here, the Motorola proposal, and the TS25.331, and
19 combine them again in the district court just using a
20 superficially different version.

21 JUDGE GILSTRAP: Is this your surprise argument under
22 equitable estoppel? Or have you gotten to that yet?

23 MR. FISH: It's -- they're sort of akin to each
24 other, although with respect to judicial estoppel versus
25 equitable estoppel, the focus in judicial estoppel is that

1 they actually convinced the board to grant institution
2 whereas equitable estoppel has the element of the -- of us,
3 the party asserting estoppel, not having knowledge of the
4 facts.

5 JUDGE GILSTRAP: Give me your equitable estoppel
6 argument, please.

7 MR. FISHER: Okay. Well, the four elements; first,
8 the party to be estopped was aware of the facts. That's
9 certainly true here. Obviously, defendants were aware of
10 both versions of the -- of TS 25.331, and they certainly
11 were aware of their own strategy to try to circumvent their
12 stipulations.

13 Two, the party to be estopped intended his act or
14 omission to be acted upon. No doubt that that's the case
15 here. The entire reason that defendants filed these
16 stipulations was to make -- was to convince the PTAB to act
17 and institute the IPR.

18 The third one, which Your Honor touched upon, was the
19 party asserting estoppel did not have knowledge of the
20 facts. It is true that we were aware of the existence of
21 both versions of TS25.331, but that's beside the point.
22 What really matter is that we had no way of knowing the
23 crucial fact here which is that defendants would then turn
24 around and combine that primary reference again with the
25 Motorola proposal to creating essentially the same

1 combination and exactly the same genuine issues that were
2 at stake in the PTAB.

3 So that's the thing that we didn't know and really
4 couldn't have known based on, again, the wording of the --
5 of the stipulation here.

6 JUDGE GILSTRAP: All right. Thank you, Counsel.

7 MR. FISHER: Okay.

8 JUDGE GILSTRAP: Let me hear a response from
9 defendants.

10 MR. DEANE: Good afternoon, Your Honor. Michael
11 Deane from Alston & Bird for the defendants.

12 JUDGE GILSTRAP: Please proceed.

13 MR. DEANE: So as you just heard, IPCom moves on
14 three different theories, and they -- they had a recitation
15 of the facts but barely applied them to the actual theories
16 that they're asserting to try to get this out of the case.
17 And I think that the first theory, the breach of contract
18 theory, fails on its face because they failed to focus on
19 the actual stipulation. This is a voluntarily stipulation
20 that the defendants filed in the IPR and then e-mailed
21 about in this court, and the defendants were free to make
22 it as narrow or as broad as they wanted to, understanding
23 that that would impact the -- what would then later happen
24 at the PTAB. And in order to prevail on this breach of
25 contract theory, they've come up with this idea that the

1 word "same grounds" is somehow ambiguous, but they're
2 ignoring the rest of the stipulation. The grounds are
3 listed right there in the stipulation. They're listed
4 right there in the IPR. And they're limited to the
5 specific version, version 1.0.0.

6 Defendants could have used different language, but
7 defendants used an excessively narrow stipulation. And as
8 we just saw, in order to try to suggest that the word "same
9 grounds" is ambiguous, they've pulled out dictionary
10 definitions. Well, that's not proper. It's either
11 ambiguous or it's not, and you can't take extrinsic
12 evidence and introduce it to create an ambiguity.

13 And so looking plainly at the stipulation, there is
14 no ambiguity. The same grounds are defined right there,
15 and bringing up a dictionary later on to suggest that
16 "same" means something different than what is otherwise
17 stated directly in the stipulation can't create an
18 ambiguity for the Court.

19 And once you've determined that there's no ambiguity,
20 you know, you enforce the stipulation as it's written. And
21 as it's written here, it's limited to the following
22 grounds: Version one in view of the Motorola proposal.
23 There really can't be -- there's really no way to make this
24 any more clear.

25 And, you know, the thing about it is it's not just us

1 saying that this stipulation was clear and exceedingly
2 narrow. That's exactly what IPCom told the PTAB when it
3 filed its response to our petition. IPCom came in and told
4 the PTAB that our stipulation wasn't good enough. It was,
5 quote, exceedingly narrow, and it would allow, quote, minor
6 tweaks to the different combinations in the district court
7 litigation.

8 And, you know, as you heard IPCom state, the -- PTAB
9 listened. They only afforded the Vintu factor, the Vintu
10 factor for marginal weight. And as Your Honor knows, the
11 different factors can be afforded different ranges of
12 weight, and the PTAB took the argument that IPCom made into
13 account and only gave the factor marginal weight.

14 And so now having benefitted from that explanation to
15 the PTAB, they're turning around here and telling the Court
16 op -- telling this Court the opposite.

17 But, moreover, even if the stipulation is ambiguous,
18 it's IPCom's burden to come up with a second reasonable
19 interpretation of what that stipulation might mean. And
20 they didn't do that in their opening motion, but then they
21 did it in the reply for the first time. But, again, they
22 have to rely on this special dictionary definition that
23 they've pulled out where the word "same" means something
24 other than what's written directly into the stipulation.

25 And that's why their interpretation can't possibly be

1 seen as reasonable. And for that -- and for those reasons,
2 we think that their breach of contract theory must fail.

3 Now, as for judicial estoppel, here there's no risk
4 of an inconsistent result. Wherein an article 3 court
5 there was prior art that was before the patent office and
6 this court. There was prior art that was not before the
7 patent office of the PTAB, and there's -- whatever the jury
8 reaches in this case doesn't necessarily mean that it's
9 going to be in an inconsistent result of the PTAB. Under
10 the different set of facts that are presented to the jury
11 here, the jury can reach one result, and it not be
12 necessarily inconsistent with the result at the PTAB. And
13 that's the principal reason why courts want to use judicial
14 estoppel.

15 But getting to the elements of judicial estoppel, you
16 know, as IPCOM stated, they must show the defendant has
17 taken an inconsistent position. But we haven't taken an
18 inconsistent position. We informed the PTAB that the
19 stipulation would mitigate concerns of overlap, and that
20 position is not clearly inconsistent with what we're doing
21 here. The stipulation does mitigate concerns of overlap.
22 It's not necessarily every single concern of overlap, and
23 we've pointed out the ways, and I just pointed out the
24 ways, that the nonoverlapping issues can lead to a
25 different result. The jury will consider the facts here

1 and reach one decision, and the PTAB in their
2 administrative capacity can consider the facts there and
3 reach another decision.

4 And as we said, the second element for judicial
5 estoppel requires that the intervenors convince the PTAB to
6 adopt our position. And as we just said, they didn't do
7 that. They actually gave IPCom the benefit of their
8 argument and weighed that factor less. And so while, you
9 know, understandably IPCom's upset that they didn't use
10 their discretionary powers to deny IPR, that's taking too
11 broad of a look at the issue. The issue is much narrower.

12 The issue is did the defendants on Vintu factor 4
13 convince the PTAB to accept their position. And the answer
14 to that is no. The defendants didn't enter a voluntary
15 pre-IPR institution stipulation so that the PTAB would give
16 it marginal weight. They did that so that it would give it
17 heavy weight and overcome potentially other factors, and
18 that's simply not what happened.

19 So under the judicial estoppel theory, we believe
20 that IPCom's motion should be denied as well.

21 And then, finally, Your Honor, as to equitable
22 estoppel, you know, I think -- I think that you hit the
23 nail on the head when we were talking about the surprise.
24 IPCom was aware of these facts. We filed our IPR with our
25 stipulation, and then we served our invalidity contentions

1 expressly charting and expressly combining the Motorola
2 proposal with a new version of TS25.331. And then we --
3 and we told them that. And then they went to the PTAB and
4 said, "Hey, this stipulation's too narrow. They're going
5 to make minor tweaks in the district court." And now
6 they're showing up and saying, "Well, what we meant was
7 that they were going to change the reference from
8 obviousness to anticipation." But that's not a minor
9 tweak, Your Honor. That's a wholesale change. That's a
10 change in the statute, that's a change in the number of
11 references. That's not the minor tweak that IPCom told the
12 PTAB about.

13 So not only was IPCom aware of the facts, they told
14 the PTAB about those facts, and the PTAB, you know, waived
15 that factor accordingly.

16 And then finally, with respect to the fourth factor
17 that we went over, the substantial injury factor that we
18 addressed in our brief, that factor isn't met here. IPCom
19 hasn't cited a case where an administrative agency
20 declining to use a discretionary power is substantial
21 injury. I mean, the word "substantial" and the word
22 "injury" must mean something, but the IPR is still pending,
23 their patent is still presumed valid. They haven't
24 actually lost anything, and so the injury is unclear. And
25 we understand that they claim their injury was that they

1 wanted to make a different argument to the PTAB, but the
2 bottom line is that they did. They did tell the PTAB about
3 the minor tweaks the defendants were going to potentially
4 set forth in the district court, and that's exactly what
5 the defendants did here.

6 And so when you look at the facts combined with the
7 theories that they moved under as a whole, all three of
8 their theories must fail.

9 JUDGE GILSTRAP: All right. Thank you.

10 MR. DEANE: Thank you, Your Honor.

11 JUDGE GILSTRAP: Brief rebuttal?

12 MR. FISHER: Yes. First of all, Your Honor, as
13 counsel acknowledged, the PTAB's going to reach one
14 decision, and the jury in this case is going to reach
15 another decision. PTAB could find the 147 not invalid over
16 the version 1.0.0, and then the jury finds it invalid over
17 1.1. -- or 1.1.0 -- 1.1.0. So how is that -- I don't
18 understand how that's not an inconsistent decision since
19 the references are essentially the same.

20 Second, our injury is that we are fighting the same
21 invalidity grounds in two tribunals. In terms of the --
22 the use of so-called special definition, it's just an
23 ordinary dictionary definition, and so that's entirely
24 reasonable. Thank you.

25 JUDGE GILSTRAP: Thank you, Counsel.

1 With regard to Document 189 and the plaintiff's
2 motion to strike portions of Dr. Daniel van der Weide's
3 invalidity report, I don't find that there's a breach of
4 contract here. This is a very clear stipulation, and it
5 was intended to be narrow, and I think it should be held to
6 the scope and the narrowness of the original stipulation.
7 And putting a very targeted narrow stipulation into the
8 record and then arguing later, Well, they're all
9 essentially the same, is not sufficient to achieve a breach
10 of contract finding, in my view.

11 I don't find there's judicial estoppel. It's not
12 clearly inconsistent in the Court's view, and I don't find
13 there's any substantive surprise here, so I don't find
14 equitable estoppel applies.

15 In short, I'm going to deny the plaintiff's motion to
16 strike the asserted portions of the Dr. Van der Weide's
17 invalidity report.

18 Now, next is the motion to strike paragraph 154 of
19 Dr. Steven Wicker's report. This is plaintiff's motion.
20 It's Document 188.

21 Counsel, I've looked at this very carefully. I don't
22 see that the Court's going to benefit by argument on this.
23 This seems to me to be a very targeted issue.

24 With regard to paragraph 154 of Dr. Wicker's report,
25 the second sentence of that paragraph which at present

1 reads, "Mr. Laumen admitted that he received numerous
2 references from the 3GPP standards body" and did not -- and
3 not disclosed them to his patent attorney, I'm going to
4 grant the motion to the extent that that sentence will end
5 after 3GPP standard body, period. I'm going to strike the
6 last phrase of that second sentence, and not disclose them
7 to his patent attorney. Other than that, I'm not going to
8 otherwise alter or limit Dr. Wicker's report.

9 And that's going to be the Court's ruling on
10 Document 188.

11 Let's go ahead and take up next Document 182, the
12 plaintiff's motion for partial summary judgment on
13 defendants's equitable estoppel waiver and acquiescence
14 affirmative defenses.

15 And let me hear from the moving plaintiff on this.

16 MR. EDWARDS: Good afternoon, Your Honor. Jeff
17 Edwards for IPCom.

18 JUDGE GILSTRAP: Please proceed.

19 MR. EDWARDS: Thank you, Your Honor.

20 Your Honor, IPCom filed a motion to -- for summary
21 judgment of a number of equitable defenses by all of the
22 defendants and intervenors, waiver, acquiescence and
23 estoppel. The only response that came in in opposition was
24 from AT&T on an equitable estoppel defense based on some
25 communications in January 2020, a notice letter to AT&T

1 from IPCom, and then a lack of response, and that was the
2 entirety of the opposition. All the other defenses thereby
3 fall out of the case. It does not appear -- I just took
4 another look at it -- that equitable estoppel defense is
5 part of the pretrial order. AT&T --

6 JUDGE GILSTRAP: Correct me if I'm wrong, and I may
7 be, I agree that the other defendant and intervenor -- I
8 don't find that Verizon or Nokia responded to the equitable
9 estoppel, but my reading was that there was a response from
10 both AT&T and Ericsson. You don't have Ericsson down as
11 responding?

12 MR. EDWARDS: Your Honor, that's a little confusing
13 to me, and it's not clear. The title is AT&T and Ericsson,
14 but the communication was all between -- it's all based on
15 communication between AT&T and IPCom and what AT&T thought
16 or didn't know or didn't do, based on that communication.
17 And --

18 JUDGE GILSTRAP: And we'll get to that point just in
19 a moment. For purposes of clarifying the landscape here,
20 it appears to the Court that the second issue raised in
21 this motion regarding waiver and acquiescence seems to have
22 effectively been withdrawn.

23 Do the parties disagree with that?

24 MR. MATHEWS: Not as to defendants and intervenors.

25 JUDGE GILSTRAP: Okay. So really, we're left with

1 the equitable estoppel issue regarding AT&T and/or
2 Ericsson.

3 MR. EDWARDS: I'm sorry, Your Honor, you're asking
4 whether IPCom has withdrawn that portion of the motion?

5 JUDGE GILSTRAP: Well, the defendants don't seem to
6 -- the defendants and intervenors don't seem to oppose it,
7 so I'm assuming it's granted as unopposed. Or maybe I'm
8 misunderstanding the parties.

9 MR. EDWARDS: That's what I understood, Your Honor.

10 MR. MATHEWS: Correct, Your Honor.

11 JUDGE GILSTRAP: Okay.

12 MR. MATHEWS: We withdraw those defenses --

13 JUDGE GILSTRAP: Okay.

14 MR. MATHEWS: -- and the only live issue is equitable
15 estoppel as to AT&T, including the Ericsson products and
16 AT&T.

17 JUDGE GILSTRAP: Okay. Well, that means that the
18 motion as to waiver and acquiescence is granted as
19 unopposed as to both defendants and both intervenors, and
20 that means the equitable estoppel issue is granted as to
21 Nokia, and to the extent it applies, Verizon, but I'll hear
22 argument on whether and to what extent the equitable
23 estoppel issue does or doesn't apply to AT&T and Ericsson.

24 I think we narrowed the scope of what's really left
25 here.

1 MR. EDWARDS: Yes, Your Honor. And before I move on
2 to AT&T, if I may, there's nothing in the opposition papers
3 about equitable communi -- about any pre-suit 2018 or 2019
4 communications, which were the basis of the Ericsson
5 equitable estoppel motion. It was all based on 2020
6 communications. The opposition that was filed was all 2020
7 communications between AT&T and IPCom. So that should also
8 fall away with the other ones that Your Honor just
9 recognized.

10 JUDGE GILSTRAP: All right. Well, give me your
11 argument on what's left.

12 MR. EDWARDS: What's left is the -- is AT&T's
13 equitable estoppel defense which it opposed based on
14 IPCom's January 10, 2020, notice letter about its patent
15 portfolio to AT&T and what -- what AT&T said was a
16 misstatement in the letter or misleading silence which led
17 AT&T to fail to possibly do certain things to its
18 detriment, which it claims makes the patents unenforceable.
19 But the problem with the argument is that none of the
20 elements of equitable estoppel are met here, and I -- the
21 third element I'll sort of put to the side because it is
22 kind of wrapped up in all the facts that were part of the
23 defendants' unclean hands and spoliation motion. And we
24 can focus here on the first two factors.

25 One of them, the first one, is the misstatement or

1 misleading silence arising from the January 10, 2020, IPCom
2 notice letter. They simply -- there simply is nothing on
3 the face of the letter that could -- could -- that they
4 cite as an affirmative misstatement that caused them to
5 rely on it to their detriment. They say that there's a
6 statement at the end of the letter that IPCom would like to
7 start negotiations a few weeks after the letter, that when
8 AT&T then responded back with their own letter saying, We
9 have a lot of patents here. There's a lot of things about
10 standards essential patents that can affect infringement,
11 you know, can you send us some claim charts, give us some
12 information, and then there was no further communication
13 from IPCom. AT&T claims that it relied on that for failing
14 to take certain actions that were to its detriment, such as
15 failing to file a declaratory judgment or failing to
16 otherwise mitigate damages or infringement or something
17 like that. But there -- the face of the letter itself
18 shows that there is no misstatement, and there is no --
19 there's no threat of litigation in the letter as required
20 under, for example, the Myers case from the Federal
21 Circuit. And the silence that happened afterwards is not
22 therefore misleading silence under the case law.

23 In addition, on the second issue, reliance, AT&T has
24 put in absolutely no evidence on the issue. For example,
25 as in Myers or in the defendants' primary case, wafer

1 shape, where the record had clear testimony, documentary
2 evidence, about what the defendant might have done
3 differently in its business or what it might have done
4 differently in bringing a declaratory judgment action.
5 Here there's nothing but attorney argument in the record,
6 so there's absolutely no evidence beyond the attorney
7 argument. And here the burden of proof is even heightened
8 because the defendants chose to frame this defense as
9 turning on the unclean hands and spoliation facts that they
10 asserted in that other motion which Aukerman says that
11 equitable estoppel is normally a preponderance unless
12 there's an allegation of intentional wrongdoing, which
13 defendants' theory does bring that into this. And as well,
14 both spoliation and unclean hands are subject to a clear
15 and convincing evidence standard.

16 So AT&T simply has not brought forth sufficient
17 evidence from which the Court could find on clear and
18 convincing evidence after a trial that there was equitable
19 estoppel, that they meet the misstatement or misleading
20 silence or reliance. And we believe also the -- the
21 prejudice, but that's wrapped up in what the Court decided
22 a little earlier today.

23 JUDGE GILSTRAP: All right. Let me hear from the
24 defendants and intervenors. Or I guess for practical
25 purposes we're down to AT&T, so let me hear from them.

1 MR. MATHEWS: That's right. Thank you, Your Honor.

2 Nick Mathews for AT&T. And just to be clear on where
3 the record stands, it's true, the equitable estoppel issue
4 applies only to AT&T, but it would also encompass the
5 Ericsson and Nokia equipment rather accused of infringement
6 just in AT&T's network. But I think it is fair to view
7 this as an AT&T-focused motion.

8 Very, very briefly, Aukerman, the main case is very
9 clear. Equitable estoppel is not limited to a particular
10 factual situation, nor is it subject to resolution by
11 simple or hard and fast rules. I'll briefly hit each of
12 the three factors.

13 The first is whether the patentee through misleading
14 conduct leads the alleged infringers to reasonably infer
15 that the patentee does not intend to assert its patents.
16 The main piece of evidence we have is a letter that we
17 received from IPCom in January of 2020. This letter was an
18 accusation of infringement. It's from a well-known patent
19 licensing outfit that has targeted telecommunications
20 providers in the past. It was sent to AT&T, and it points
21 out that there are 200 patent families in IPCom's
22 portfolio, 35 essential for telecommunications standards,
23 and that the majority are allegedly essential to 3G and the
24 4G standards.

25 Attached to the letter was a list, 43 pages long, of

1 many patents. Many of them expired, many of them from
2 outside the United States, but they were all attached to
3 the letter.

4 In the letter at the end IPCom asked that licensing
5 discussions start within about one month. That's February
6 of 2020. AT&T immediately responded. A licensing
7 executive looked at the letter, took it seriously, and
8 provided a very careful response to IPCom.

9 Number one, AT&T pointed out that many of the patents
10 were expired. Number two, points out that many of the
11 patents on the list are from countries outside the United
12 States. Number three, AT&T points out that IPCom doesn't
13 identify any particular AT&T products or services that
14 IPCom's patents might pertain to. This is all laid out in
15 that letter that AT&T sent back within two weeks.

16 At the end, AT&T says, "If you wish to pursue further
17 discussions, please send claim charts directed to specific
18 AT&T products and services that you believe are not already
19 licensed." This is what AT&T sent directly back to IPCom.
20 This is in January of 2020.

21 And in response to this letter, IPCom did nothing.
22 They didn't send a single claim chart, they didn't send a
23 revised list that removes the irrelevant patents, they
24 didn't ask for a phone call. IPCom did nothing. The only
25 natural take away from this exchange is that IPCom did not

1 intend to enforce its patent portfolio against AT&T.

2 So we think it's very clear just based on these two
3 letters, if you look at this, and especially the summary
4 judgment standard, that a reasonable fact finder could
5 determine that AT&T did rely and was -- excuse me. That
6 IPCom's misleading conduct led AT&T to infer that IPCom was
7 not going to enforce its patents.

8 The second factor is reliance. I think the Wafer
9 Shave case is directly on point. In that case, the court
10 found that the failure to take affirmative actions to
11 protect yourself from a lawsuit is evidence in itself of
12 reliance. And in that case, Wafer Shave, the court noted
13 that Gillette did not try to mitigate damages by
14 effectuating a quick settlement or initiating a declaratory
15 judgment action. That's exactly the relief that AT&T could
16 have sought had IPCom stuck to its negotiating timeline and
17 agreed to give us the claim charts and continue
18 negotiations. Instead, they went away. So AT&T did rely
19 on IPCom's conduct.

20 Number three is prejudice. This has nothing to do
21 with intent. This has to do with the facts as they exist
22 in the case. The fact of the matter is that after AT&T
23 responded in February of 2020, IPCom then amends the
24 Hitachi deal in April 2020 to remove the inventor
25 cooperation agreement. That is prejudice, whether it's

1 intentional or not, AT&T by not being able to file a DJ was
2 not able to get that evidence.

3 Number two, July 2020, IPCom reorganizes its
4 management and allows Bernhard Frohwitter to walk away with
5 all the e-mails. Again, whether intentional or not, that
6 is meaningful prejudice that impacted AT&T.

7 And so for those reasons, we believe that the motion
8 should be denied.

9 JUDGE GILSTRAP: All right. Anything further, Mr.
10 Edwards?

11 MR. EDWARDS: Judge, just that the record does not
12 contain anything about reliance. The early letters speak
13 for themselves, and I think I've addressed that. The --
14 there is absolutely no record evidence on reliance. Waver
15 Shave has very specific citations to what the defendants
16 put in the record. It was a very, very long and detailed
17 and involved and expensive record over more than a decade,
18 I think, and there was specific evidence that the defendant
19 might have changed its business practices. There was
20 testimony, there was documents.

21 Here, there's -- the -- AT&T has nobody to put this
22 story in. There's nothing in the record about this story,
23 and the cases that they cite in their brief are boilerplate
24 cases for where AT&T was sued by a patentee, and AT&T
25 countersued. So it has nothing to do with the facts here.

1 So it's just a conclusory statement by -- by the attorneys.

2 JUDGE GILSTRAP: All right.

3 MR. EDWARDS: Thank you, Your Honor.

4 JUDGE GILSTRAP: Thank you. With regard to document
5 No. 182 and the plaintiff's motion for partial summary
6 judgment regarding defenses of equitable estoppel as urged
7 by AT&T regarding itself and the Ericsson products within
8 its system that are at issue in the case, I'm going to deny
9 this motion. I think that the -- there are underlying
10 factual questions that make it extremely difficult to grant
11 this at a summary judgment level. Assuming that the
12 verdict returned by the jury facilitates the bench trial
13 issues to be taken up post verdict, I'm going to allow AT&T
14 to make it's equitable estoppel argument there, but I'm not
15 going to exclude that at this early staged -- at this early
16 stage. Not having heard any of the evidence in the case,
17 not having heard the witnesses, there's -- there's not a
18 basis that I can see whereby the Court would be on solid
19 ground, given the obvious underlying factual issues that go
20 into an equitable estoppel claim to exclude it in its
21 entirety on a summary judgment basis.

22 So I'm going to deny plaintiff's motion as to AT&T
23 and the related Ericsson equipment within its accused
24 system, but as earlier stated in the record, I'm going to
25 grant the motion as to the equitable estoppel defense as to

1 Nokia, Verizon, and the waiver and acquiescence defense.

2 I'm granting that as unopposed by both defendants and
3 intervenors.

4 Okay. Counsel, it looks like this brings us to
5 disputed motions in limine. We're going to take a recess
6 at this juncture, and I'm going to direct the parties to
7 actively meet and confer as quickly as possible in light of
8 the guidance that you've received from the Court on the
9 dispositive motions that have been taken up and heard
10 today, and see where you can readily agree that hopefully a
11 significant number of the disputed motions in limine are
12 now able to be resolved based on that earlier guidance
13 received today.

14 And I'll look for a report from the parties once we
15 come back on the record. But at this point, the Court
16 stands in recess.

17 MR. BUDWIN: Your Honor, may I have permission to be
18 excused for the afternoon session? I have a conflict and
19 wanted Your Honor's permission before --

20 JUDGE GILSTRAP: We have plenty of lawyers in this
21 room.

22 MR. BUDWIN: I figured that. Thank you.

23 (Wherein a break was taken from 2:40 to 3:27 p.m.)

24 JUDGE GILSTRAP: Be seated, please.

25 Before we get into the disputed motions in limine,

1 there is a motion on the docket that has not been directly
2 dealt with, at least to my knowledge, and this is
3 defendants' motion for partial summary judgment of no
4 pre-suit willful infringement.

5 I assume it's pretty much understood that there was
6 no pre-suit knowledge, and I assume plaintiff's not going
7 to argue that defendants were willful, based on anything
8 that occurred pre-suit.

9 MR. BLACK: That's correct, Your Honor.

10 JUDGE GILSTRAP: Is there a need for me to act on
11 this motion? Is it going to be withdrawn? I mean, I don't
12 really see a dispute here.

13 MR. BLACK: I withdraw the willfulness -- the
14 pre-suit willfulness allegation.

15 MR. MATHEWS: We, therefore, withdraw the motion.

16 JUDGE GILSTRAP: Motion's withdrawn. Okay.

17 Before we get to disputed motions in limine, I'll
18 note for the record that there are a series of agreed
19 motions in limine, and, actually, there are two iterations,
20 apparently, of the agreed motions in limine, and we have a
21 motion under docket No. 285 to grant the agreed motions
22 which would -- would activate and would grant by agreement
23 the motions in limine set forth in docket No. 284 which
24 would replace those in docket No. 274, which were the
25 earlier iteration that, apparently, had been clarified or

1 updated.

2 So am I correct the parties are in agreement that the
3 motions in limine as agreed to in Document 284 are to be
4 the operative agreed motions in lieu of any that were set
5 forth in document No. 274 and --

6 MR. BLACK: Yes, Your Honor.

7 JUDGE GILSTRAP: -- and that based on that agreement,
8 it's your request that the Court grant these by agreement
9 of the parties?

10 MR. MATHEWS: Yes, Your Honor.

11 MR. BLACK: Yes.

12 JUDGE GILSTRAP: Okay. So ordered. Okay. I
13 understand that there's some minor agreement as to
14 narrowing on the motions in limine, particularly
15 plaintiff's No. 3, No. 12, and perhaps some narrowing or
16 modification of No. 8.

17 Here's what I would suggest, Counsel. Let's just
18 start with No. 1 and work our way forward. If we come to
19 one where you have an agreement, either in whole or in
20 part, make sure that you announce it, and let me know about
21 it then, and we'll adjust as we go. That way, I'm less
22 likely to overlook something unintentionally.

23 All right. Let's start with plaintiff's motion in
24 limine No. 1, which has to do with all the matters that we
25 talked about this morning as the first motion and the Bosch

1 licenses, Hitachi licenses, Mr. Frohwittter, etc., etc.

2 MR. BLACK: Yes, Your Honor. Martin Black.

3 We heard several hours of argument this morning about
4 issues relating to the Hitachi licenses, Bosch licenses,
5 and Frohwittter.

6 Obviously, licenses are going to be mentioned during
7 the case, so we don't have any problem with that. What our
8 concern is evidence or argument saying that we misbehaved
9 during discovery or made documents unavailable for the
10 case. We don't believe that any foundation has been or can
11 be laid for that.

12 JUDGE GILSTRAP: All right. What's defendants got to
13 say? What do defendants have to say?

14 MR MATHEWS: Thank you, Your Honor. Nick Mathews for
15 AT&T and Ericsson.

16 Certainly not looking to re-urge the motion from this
17 morning, but there are a couple of issues that we are
18 concerned about.

19 Without question, there is evidence in this case
20 that's missing. Encumbrances from Hitachi, from Bosch,
21 Frohwittter's e-mails. That is going to color the trial.
22 We have concerns the jury will perceive that, recognize
23 that the evidence isn't there, and we fear that they may
24 blame us, when the fact of the matter is, the evidence
25 should have been collected by IPCom. And so outside the

1 context of a summary judgment motion and the context of a
2 MIL, we do think it would be appropriate to allow the
3 defendants and the intervenors to explain and talk about
4 why we're missing this relevant evidence that is referred
5 to and cited to in these agreements.

6 JUDGE GILSTRAP: Well, there's a very high risk of
7 prejudice, depending on how that is done, Mr. Mathews. I'm
8 going to grant this. The Court's going to serve as a
9 gatekeeper. If the defendants believe that there's a point
10 along the course of the trial where it becomes probative
11 and important to make that explanation, you'll need to come
12 to the bench and get approval in advance, leave in advance.
13 That way, I can hear what you're going to say before the
14 jury hears it, and I can try to allow anything substantive
15 to get through that filter but avoid anything overly
16 prejudicial.

17 MR MATHEWS: Thank you, Your Honor.

18 JUDGE GILSTRAP: Okay. Plaintiff's No. 1 is granted.
19 Number 2. This has to do with the phrase that I
20 struck from -- is it Wicker's report?

21 MR. FISHER: Your Honor, Michael Fisher for IPCom.
22 This one has to do with -- it's the motion to exclude
23 evidence, argument, or insinuation that IPCom or its
24 predecessors or the inventors breached a duty to disclose
25 patents to standard setting organizations such as ETSI,

1 3GPP, etc.

2 JUDGE GILSTRAP: Well, I don't have any problem with
3 testimony or evidence that shows patents were not
4 contributed to the standard. I have a problem with an
5 assertion that there was an affirmative duty that was
6 breached, and I think the Court needs to be actively
7 involved in any recitation to the jury that there was a
8 duty to disclose that was affirmatively breached. I'm
9 going to grant this and require leave be granted before
10 there's any assertion to the jury that there was a duty
11 that was affirmatively breached.

12 The undisputed fact of what's not in the standard and
13 what was not contributed to the standard, that really is --
14 is outside of what I'm intending to cover by granting this
15 MIL. I don't intend -- I don't intend for the jury to be
16 told, either by a witness or an argument, or any other way,
17 that the inventor breached an affirmative duty, without
18 coming to the bench and explaining to me exactly what, why,
19 and so forth, before it happens. That's -- that's a bell
20 that can't be un-rung once you call somebody a -- someone
21 that's affirmatively breached a contractual obligation.
22 But if there's no dispute about what's not in the standard,
23 what was not contributed to standard, without assigning
24 blame or fault, I don't have a problem with that. But if
25 there's going to be any evidence that imposes some kind of

1 fault or blame or breach of a duty, that, I'm going to want
2 -- that's what's covered by the grant here. Clear enough?

3 MR. FISHER: Yes, Your Honor. Thank you.

4 JUDGE GILSTRAP: So to that extent, this is granted
5 with that clarification.

6 Number 3, withholding or failing to disclose prior
7 art to the PTO.

8 MR. DEANE: Thank you, Your Honor. Michael Deane
9 from Alston & Bird. And the parties have agreement on MIL
10 No. 3 consistent with your ruling this morning about a Dr.
11 Wicker this afternoon. The parties agreed that defendants
12 can state that inventors possessed prior art and can show
13 which art was and was not before the patent office but
14 cannot say that the inventor did not give the reference to
15 a patent to the patent attorney; i.e., cannot connect the
16 dots between the prior facts.

17 JUDGE GILSTRAP: Plaintiffs agree with that?

18 MR. PLIES: Yes, Your Honor.

19 JUDGE GILSTRAP: All right. Then I'll order this
20 granted to the extent it reflects the parties'
21 understanding and agreement as announced into the record.

22 MR. DEANE: Thank you, Your Honor.

23 JUDGE GILSTRAP: Okay. Plaintiff's MIL No. 4.
24 Ownership, investor structure or sources of funding
25 regarding IPCom.

1 MR. EDWARDS: Yes, Your Honor. Jeff Edwards for
2 IPCom. This is a standard MIL that this Court and other
3 courts often routinely grant about who owns IPCom, who are
4 the investors in IPCom, what were the sources of the
5 funding over time, or now, and the defendants in their
6 response say, among other things, they want to be able to
7 tell the jury that IPCom restructured to remove Mr.
8 Frohwitter as managing director, but he kept participating
9 in negotiations. It's sort of the same theme in the
10 unclean hands motion. There are a number of other
11 justifications they give for wanting to get this evidence
12 in, although it's not necessary for such purposes. Like
13 showing the chain of title of the patents.

14 You don't need to say who invests in IPCom or in the
15 prior owners in order to say who owned the patent over time
16 or who negotiated the purchase of a patent or how much it
17 cost or how it was transferred.

18 JUDGE GILSTRAP: Let me -- let me jump in here,
19 Counsel. This is -- this is a situation I see very often.
20 Plaintiff's concern that there's going to be some attempt
21 to denigrate their side of the case with that kind of
22 evidence, and defendants are going to tell me that they
23 simply want to be able to give an accurate background
24 overview of how we got to where we are. And I've heard
25 that many times, and I suspect that's what defendants are

1 going to tell me here. And to the extent a generic
2 background overview of how we got to where we are is given,
3 I think that's appropriate, but where it crosses the line
4 into insinuation and denigration is another thing. And I'm
5 -- I typically grant these so that I can ensure that it
6 stays high level and background. And I would say this to
7 plaintiffs, an effort by plaintiff to cast themselves as
8 David versus Goliath usually opens this door for the
9 defendants to come in and show that David is not a little
10 boy with a slingshot but somebody completely different.

11 So I'll grant this. The clear guidance I'm trying to
12 give both sides is a generic high level overview of items
13 on a timeline that factually show how we got to where we
14 are is typically okay. But to go beyond that, and to try
15 to insinuate somebody is something untoward, either as an
16 investor or a funder or an officer or a principal is going
17 to require leave of the Court before they go there.

18 MR. EDWARDS: Your Honor, may I ask a clarifying
19 question?

20 JUDGE GILSTRAP: Okay.

21 MR. EDWARDS: Would you allow under your ruling
22 someone to bring out the fact that IPCom has hedge fund or
23 investor companies as stockholders and how much their
24 investment is worth and that sort of thing?

25 JUDGE GILSTRAP: Unless there's some justification

1 for it, typically I would not grant leave for that.

2 MR. EDWARDS: Thank you.

3 JUDGE GILSTRAP: But as with many of these, the Court
4 can make a much clearer decision in real time when I see
5 what's actually before -- before me. I can hear the last
6 ten questions, and I know where the next one is going to go
7 before you ask me, Can I do this or not? That's a whole
8 lot better posture to be in than where I sit today.

9 So I'm going to -- I'm going to grant this. I'm
10 going to be an active gatekeeper. I don't see any
11 probative value compared to the prejudicial effect to go
12 into financial structures of any of the parties without
13 leave of the Court. My intent is I don't want to tie the
14 defendants' hands where they can't even talk about who the
15 plaintiff is or how they came into being or what they do,
16 but it needs to be high level and generic. And if it goes
17 beyond that, I'm going to expect a request in advance and
18 an explanation as to why it needs to go beyond that.

19 Understood?

20 MR. EDWARDS: Thank you.

21 JUDGE GILSTRAP: Okay. And I'm serious, plaintiffs,
22 about opening the door with that David or Goliath routine.
23 I've seen that happen before, too. And if you open it, I
24 am going to let the defendants walk right through it.

25 All right. MIL No. 5, plaintiff's MIL No. 5 is next.

1 People that would, or entities that would receive benefit
2 or an income from any judgment. And this says except to
3 show witness interest or bias. So I take it by the way
4 this motion in limine is structured that the parties are
5 not intending to exclude -- or the plaintiff's not
6 intending to exclude any witness being asked about whether
7 they would receive a material benefit if plaintiff wins or
8 defendant wins, or whatever the outcome may be. Is that
9 correct?

10 MR. EDWARDS: That's fair game.

11 JUDGE GILSTRAP: Okay. It's beyond that that
12 plaintiff seeks the Court's involvement as a gatekeeper?

13 MR. EDWARDS: Yes, Your Honor.

14 JUDGE GILSTRAP: Okay. Let me ask defendants.

15 What -- what problem do you have with that, and why
16 would you need to go into who gets a benefit and who
17 doesn't, unless they're a witness on the stand that's going
18 to testify to the jury.

19 MR. ACHEY: Yes, Your Honor. Wes Acheay with Alston &
20 Bird.

21 I think this is tied into all the issues we heard
22 this morning with Frohwitter. Frohwitter FIPA, the
23 Frohwitter companies. It's been made pretty clear that Mr.
24 Frohwitter's not going to show up, so -- but we do think
25 it's relevant for giving the background of Mr. Frohwitter

1 and how these patents were assigned from the various
2 entities that Frohwittter controlled through IPCom and how
3 they stand to benefit because Mr. -- I think Mr. Black
4 acknowledged that Mr. Frohwittter does have a financial
5 stake in this case.

6 So, you know, we feel like that's -- that's going to
7 be relevant. It's all going to be tied into who IPCom is
8 and how we got here, because it is an important role in
9 this case.

10 JUDGE GILSTRAP: Well, Mr. Frohwittter is not a
11 defendant in this case, and we're not going to try a case
12 against an empty chair. That is clearly something that's
13 typically excluded. Again, how IPCom is structured and how
14 it started out, where it started out and the various steps
15 along the way to where it is today, as long as it's factual
16 and it doesn't involve some insinuated fault or harm or
17 wrongdoing, it stays purely high level factual, I don't
18 have a problem with it. But I don't intend this trial to
19 be all about Bernhard Frohwittter, and how evil he is or how
20 righteous he is, and he's not even here. That's not --
21 that's not what this trial is going to be about.

22 MR. ACHEY: I understand.

23 JUDGE GILSTRAP: And so if you're going to go beyond
24 something high level, and if you're going -- if you're
25 going to ask or you're going to imply somebody may be less

1 than unbiased and fair-minded because of a financial
2 interest or bias, if it's not a witness on the witness
3 stand, you're going to have to get leave from me before you
4 do it. Okay?

5 MR. ACHEY: Understood.

6 JUDGE GILSTRAP: All right. With that explanation,
7 that's granted.

8 All right. Plaintiff's MIL No. 6. This is the one I
9 assume there's an agreement on. This was mentioned earlier
10 under some of the -- there's not?

11 MR. EDWARDS: No, Your Honor. I'm sorry. Must be
12 another.

13 Your Honor, this motion has to do with the fact that
14 IPCom was created in 2007, has been involved in licensing
15 and various litigations over that time period. And the
16 defendants opposition to this motion primarily where it
17 focuses entirely on 19 settlement agreements between Nokia
18 and IPCom between, I think it's 2010 and 2014. What
19 happened is Nokia for --

20 JUDGE GILSTRAP: Let me stop you, Counsel. Are these
21 settlement agreements a part of the damages expert's
22 report?

23 MR. EDWARDS: No. They don't -- they don't relate to
24 the patents-in-suit or their foreign counterparts. They
25 relate to settlements of one off, one patent at a time in

1 Germany, or the UK --

2 JUDGE GILSTRAP: But that was not my question.

3 MR. EDWARDS: I'm sorry.

4 JUDGE GILSTRAP: Are these included in --

5 MR. EDWARDS: No, they are not.

6 JUDGE GILSTRAP: -- and discussed within the damage
7 expert --

8 MR. EDWARDS: They are not.

9 JUDGE GILSTRAP: -- report?

10 MR. EDWARDS: That are not in the damages expert's --
11 oh, well --

12 JUDGE GILSTRAP: I mean, this is not going to be a
13 backdoor Daubert motion under limine practice where you
14 circumscribe a damages expert's report when you didn't do
15 it --

16 MR. EDWARDS: They're not -- I'm sorry. They're not
17 relied on as comparable licenses, is what I meant to say.

18 JUDGE GILSTRAP: Well, I don't intend under limine
19 practice to limit an expert from anything that's within the
20 four corners of their report. If it needed to be
21 circumscribed, it should have been done by way of a Daubert
22 motion or motion to strike, and that's not what limine
23 practice is for. So this is not going to be a backdoor
24 Daubert motion, and I'm not going to keep the expert from
25 saying what's in their report. They're not going to go

1 beyond their report. And if this has some application
2 outside the expert witnesses to the fact witnesses, then
3 you need to let me know about it, and we can talk about
4 that.

5 MR. EDWARDS: Your Honor, our concern is the -- is
6 the prejudice of putting before the jury and arguing that
7 the patents ensued are somehow invalid because a German
8 unrelated patent or UK patent was settled when Nokia sued
9 IPCom in 2010, and they agreed to settle it on a no royalty
10 basis. And that's what all of these are. They have
11 nothing to do with the patents-in-suit. That --

12 JUDGE GILSTRAP: Tell me why you didn't bring a
13 Daubert motion or a motion to strike if you feel like that
14 portion of the expert's report is not probative or lends
15 itself to a prejudicial application.

16 MR. EDWARDS: May I confer, Your Honor?

17 JUDGE GILSTRAP: Sure.

18 MR. EDWARDS: Thank you.

19 MR. BLACK: Defendants are trying to figure out
20 whether it's in the report because we don't think it is.

21 JUDGE GILSTRAP: Well, if it's in the report, it's
22 going to stay in the report. That part, I can tell you. I
23 mean, the plaintiffs --

24 MR. BLACK: I understand.

25 JUDGE GILSTRAP: Yeah.

1 MR. BLACK: I understand the practice, Your Honor.
2 Things have to be brought by Daubert, not by MIL. This
3 issue -- these were -- but nobody's said yet that it's in
4 his report. It's not a -- these are not licenses that were
5 used as comparables by anyone. They are -- they were the
6 -- the parallel-type YARs in Europe on unrelated patents,
7 and maybe after a first instance decision, rather than
8 appeal, in order to deal with the cost issues, they just
9 agreed to license them for free and settle them.

10 JUDGE GILSTRAP: Well, let me ask you this. Outside
11 the damages context, would there be any relevance to these
12 through either another expert or a fact witness?

13 MR. BLACK: No, not at all. They're not comparable
14 licenses. No one's ever said that they are, because
15 they're just settlements of like an IPR that went bad
16 before they went on appeal. And the trouble is they want
17 to put a 15 in front of the jury and then say, "Oh, this
18 implies that the rest of the portfolio's invalid. That's a
19 big concern. That's why we have -- that's why we filed it
20 as a MIL.

21 JUDGE GILSTRAP: All right. Let me ask the
22 defendants. Beyond the expert witnesses who may address
23 these in their expert reports, do you have any intention of
24 bringing these in through other witnesses?

25 MR. POWERS: No, Your Honor. Jonathan Powers for

1 AT&T and Ericsson.

2 The only reason we would use these settlement
3 agreements is to rebut IPCom's damages model. That's the
4 sole purpose and --

5 JUDGE GILSTRAP: Do you have a damages expert that
6 has issued a report that's -- I guess that's Mr. Bone? Is
7 that right?

8 MR. POWERS: That's correct, Your Honor.

9 JUDGE GILSTRAP: So this is the part of his report
10 that I didn't strike.

11 MR. POWERS: Well, I don't know that Mr. Bone talks
12 about these licenses in the portion that you didn't strike,
13 but the licenses are still relevant during the
14 cross-examination of IPCom's damages expert and their
15 technical portion of an expert Dr. Chrissan. Got some
16 slides. It's sort of -- to understand why these licenses
17 are relevant requires breaking down exactly what IPCom's
18 damages model is and their prudential patents, and the
19 gradings that they use to apportion out their damages from
20 the DC license. And I'll be happy to talk about those,
21 Your Honor.

22 Before I do, I met and conferred with Mr. Edwards.
23 He asked that I seal the courtroom for this portion.

24 JUDGE GILSTRAP: That's fine. But before we get into
25 the particulars, what you're telling me is these settlement

1 agreements or license agreements you may -- you may want to
2 bring these up by cross-examination when the expert who you
3 are cross-examining has not addressed them in his report
4 and has not testified about them affirmatively on direct.

5 MR. POWERS: That's exactly right, because they are
6 one hundred percent contradictory to the grades that
7 IPCom's expert assigned to certain patents during their
8 apportionment analysis. So he says --

9 JUDGE GILSTRAP: Well --

10 MR. POWERS: He says these patents -- certain
11 patents, certain unasserted patents, are worth certain
12 amounts, but IPCom has given away royalty-free licenses to
13 those patents that contradict the opinions of their
14 experts. So we think they're highly relevant and show
15 plausibility in IPCom expert's methodology.

16 JUDGE GILSTRAP: I don't know why I'm hearing about
17 this on Daubert -- I mean, on motion in limine practice.
18 The -- let me -- let me put it this way, and maybe we can
19 short-circuit the process.

20 Each of the damages experts are going to testify
21 within the four corners of their damages reports, as they
22 exist once the pretrial's over and any possible
23 circumcision -- or circumscription, I should say, of those
24 reports has taken place. And once those witnesses have
25 testified within the four corners of their reports, they're

1 going to be cross-examined within the areas that they
2 testified on direct. So if what you-all are concerned
3 about is within either of the damages expert's reports and
4 as testified to by those damages expert, they're fair game
5 for cross-examination. But you can't cross-examine a
6 witness within the scope of the direct if you've got
7 something not addressed in his report, not talked about in
8 his testimony based on that report, and you come out of
9 left field with it, and it's not in your expert's report,
10 and your expert doesn't opine that it creates all the
11 problems that you want to infer through this
12 cross-examination. If you're going to do that, you're
13 going to have to get leave from me before you do it.

14 If it's within that expert's report and that expert
15 cross -- I mean, testifies about it on direct,
16 cross-examine them all day long about what they've raised
17 in their direct testimony, but don't bring something in
18 that's extraneous that is foreign to the report and foreign
19 to their direct testimony, without leave of the Court.

20 MR. POWERS: Absolutely understood, Your Honor. That
21 covers half of our response, for the Nokia settlement
22 agreements. There's a second portion where IPCom's experts
23 affirmatively devalue certain patents based on other
24 litigation, not the Nokia settlement agreements. For
25 example, litigation between IPCom and HTC, they say the

1 result of that litigation devalued certain unasserted
2 patents which increases their damages number here. They do
3 disclose that in their reports as the basis for upping
4 their damages number. I highly doubt they're going to ask
5 their expert about it on direct. We think we should still
6 be able to mention that litigation with them on
7 cross-examination.

8 JUDGE GILSTRAP: I think if it's in their expert
9 report, it's fair game. I think if it's not, it's not.

10 MR. POWERS: Understood, Your Honor.

11 JUDGE GILSTRAP: Questions? All right. I'm going to
12 grant plaintiff's motion in limine 6 to comport with the
13 guidance I've given you on the record. The expert
14 witnesses on damages are going to be limited to testifying
15 affirmatively within the four corners of their reports, and
16 they're subject to being cross-examined, both as to their
17 testimony and what they may have put in their reports that
18 they don't raise on direct examination. And if you're
19 going to go beyond those parameters, you need to get leave
20 of the Court in advance. All right.

21 MR. POWERS: Thank you.

22 JUDGE GILSTRAP: All right. Plaintiff's MIL No. 7.
23 This has to do with claims and patents that -- and accused
24 products that have been dropped or no longer in the case.

25 What's the problem with this from the defendants'

1 | standpoint.

2 MR. FISHER: Thank you, Your Honor. Michael Fisher
3 for IPCom.

4 So a patent or product that has been dropped from the
5 case obviously doesn't have --

6 JUDGE GILSTRAP: I understand why you want me to
7 grant this. What I want to hear from them is why I
8 shouldn't grant it.

9 MR. FISHER: Oh. Sorry.

10 JUDGE GILSTRAP: Stand by. You may still be needed.

11 MR. POWERS: Thank you, Your Honor.

12 I would ask that we seal the courtroom so that I can
13 explain the context for the relevance of our limited
14 opposition.

15 JUDGE GILSTRAP: All right. Then based on counsel's
16 request, I'll order the courtroom sealed. Anyone present
17 not subject to the protective order that's been entered in
18 this case should excuse themselves and remain outside until
19 the courtroom is reopened and unsealed.

20 (COURTROOM SEALED.)

22 (This portion of the transcript is sealed and
23 Filed under separate cover.)

25 (COURTROOM UNSEALED.)

1 JUDGE GILSTRAP: Is there some partial agreement on
2 plaintiff's MIL 8, Counsel, or what do we have here?

3 MR. BLACK: I believe so, that there's some agreed
4 text.

5 MR. POWERS: There is, Your Honor, if you'll give me
6 a moment.

7 JUDGE GILSTRAP: Take a moment. Go ahead, Counsel.

8 MR. POWERS: Based on IPCom's representation that it
9 will not seek to bolster its expert testimony based on
10 those experts having employed similar methodologies in
11 other litigations, defendants withdraw their opposition to
12 IPCom's MIL No. 8.

13 JUDGE GILSTRAP: All right. Then based on that
14 withdrawal, I will grant plaintiff's MIL No. 8.

15 MR. POWERS: Thank you, Your Honor.

16 JUDGE GILSTRAP: Plaintiff's MIL No. 9. What's the
17 defendants' problem with this as proffered?

18 MR. MATHEWS: Thank you, Your Honor. Nick Mathews.

19 The issue with our MIL -- with the MIL is twofold.
20 The pre-suit correspondence between IPCom and the
21 defendants is relevant to two important issues. Number 1
22 is damages, and No. 2 is the fact that IPCom is still
23 pursuing a claim for post suit willfulness. So they've
24 dropped pre-suit willfulness, but they still have a claim
25 for post suit.

1 So on the willfulness issue, we believe that the
2 pre-suit correspondence which shows the good faith
3 activities of AT&T and others is relevant and informative
4 to the post suit lack of willful infringement defense. We
5 think it's relevant to the overall conduct of the parties.
6 That's willfulness.

7 On damages, it's incredibly important. We just heard
8 a little bit about this while the court was sealed, but
9 IPCom's damages methodology is based on patent proud lists.
10 These are lists of patents that are sent before lawsuits
11 are filed in the context of license negotiations.

12 IPCom says that the patent proud list that it
13 exchanged with Deutsche Telekom and other companies are
14 informative of the most valuable patents that are in their
15 portfolio.

16 In this case, the letters that we looked at earlier,
17 they show none of the patents-in-suit were called out by
18 IPCom when the letter got sent to AT&T. Not one of them.
19 They weren't flagged or highlighted. And we think that's
20 very fair ground for cross-examination as to the value of
21 these particular patents, because they weren't called out.

22 So those are the two bases for opposing the MIL.

23 JUDGE GILSTRAP: All right. Let me hear from
24 plaintiff in response.

25 MR. EDWARDS: Your Honor, as to the fact that they

1 weren't called out, these are the initial notice letters.
2 So these letters were -- were made moot by the removal of
3 pre-suit willfulness from the case. The -- first of all,
4 the Verizon letter, Verizon says that they never got the
5 letter, so it's moot as to Verizon. But -- well, let me
6 put the letter up here.

7 JUDGE GILSTRAP: Are you telling me, Counsel, that if
8 plaintiff concedes they can't establish pre-suit knowledge
9 of the patents-in-suit, and therefore, can only make a
10 claim for willful infringement based on conduct occurring
11 after suit was filed, that defendants conduct prior to the
12 filing of suit is ipso facto irrelevant to the willfulness
13 consideration?

14 MR. EDWARDS: Well, in this case --

15 JUDGE GILSTRAP: Are you telling me that?

16 MR. EDWARDS: In all cases, no.

17 JUDGE GILSTRAP: You're telling me that in this case.

18 MR. EDWARDS: Yes.

19 JUDGE GILSTRAP: Why is this case different?

20 MR. EDWARDS: Well, this letter -- this letter does
21 not -- the post suit willfulness case is based entirely on
22 the evidence after the filing of the complaint. The notice
23 letter on January --

24 JUDGE GILSTRAP: That's why it's called post suit.

25 MR. EDWARDS: Correct. And there is nothing about

1 the January 10, 2020, letter that relates one way or the
2 other to post suit willfulness. The letter doesn't call
3 out the patents, and there's nothing from that letter from
4 which a jury could find one way or the other about
5 willfulness as to post suit after the complaint was filed
6 and failure to take a license.

7 JUDGE GILSTRAP: All right. What else?

8 MR. EDWARDS: The defendants' claim that there's an
9 inconsistency between the representations about standards
10 essential patents status in the January 10, 2020, letter
11 which is, as Mr. Mathews just mentioned, doesn't talk about
12 the patents-in-suit, it's listed in the appendix of the
13 letter, and IPCom's position after and during this
14 litigation, but there isn't any way to tease out an
15 inconsistency between a cover letter that doesn't talk
16 about those patents-in-suit and a statement about the SEP
17 status of the patents-in-suit in this litigation. So it's
18 irrelevant as to that.

19 JUDGE GILSTRAP: All right. Anything further?

20 MR. EDWARDS: No.

21 JUDGE GILSTRAP: I'm going to deny this motion in
22 limine.

23 Let's go to plaintiff's MIL No. 10.

24 MR. PLIES: Jeff Plies for IPCom.

25 So, Your Honor, defendants want to run a theme in

1 this case that Nokia and Ericsson were at the standards
2 bodies, and they're the ones who developed the technical
3 standards that are at issue in some the infringement
4 contentions in this matter. And they're going to contend
5 that IPCOM either -- or its predecessors, either weren't
6 there at the standards bodies, or that they didn't make any
7 substantive contributions to the standards. And then levy
8 that to try to suggest that IPCOM cannot properly allege
9 that the networks implementing the standards can infringe
10 the patents and play on jury's potential confusion or bias
11 or try to get them to think that IPCOM doesn't deserve to
12 accuse products that practice the standards because IPCOM's
13 not the one who developed them.

14 As we know, that's not a proper infringement
15 analysis. Infringement analysis, as we know, is mapping
16 the construed claims to the accused instrumentalities. You
17 know, as we also know, knowledge of the patent is not
18 required for infringement, and certainly who built the
19 product or who wrote the standards is similarly irrelevant
20 to whether or not the products map to the claims.

21 A lay jury could easily get confused on this issue
22 about whether IPCOM can accuse products and
23 instrumentalities that practice standards designed by
24 others, and so that's an inference that we don't think it's
25 proper for the defendants to try and imply to the jury, and

1 it's a similar reason that often MILs are granted, and
2 there's an agreed one in this case, for why defendants
3 normally are not allowed to say why the accused
4 instrumentalities are covered by their own patents, because
5 the juries can get confused about whether they can infringe
6 the plaintiff's patents as well.

7 So our MIL goes to try and address that concern, Your
8 Honor, and defendants in their opposition really just sort
9 of bear out the concern; right? So first of all, they
10 restyle our MIL leaving out the part about implying
11 noninfringement, and then they say, Defendants agree that
12 they will not argue that they do not infringe the asserted
13 patents solely because IPCom and its predecessors did not
14 contribute to the standards at issue.

15 So, Your Honor, it seems like they do intend to argue
16 this, but that's not the only reason they're going to argue
17 for noninfringement. And then they say the fact that
18 IPCom, Bosch, and Hitachi did not develop the standards
19 that IPCom now relies on to prove infringement, defendants
20 should be permitted to tell the jury as much to foreclose
21 the speculation on the part of the jurors.

22 So this -- you can see right here, they're
23 telegraphing exactly where they're going. We think this is
24 improper. They're trying to confuse the jury into thinking
25 that because we didn't develop the standards, and they did,

1 the products don't infringe. And we think the Court should
2 grant the MIL.

3 JUDGE GILSTRAP: All right. What do you say, Mr.
4 Mathews?

5 MR. MATHEWS: So first of all, Your Honor, defendants
6 will not argue that they do -- do not infringe because
7 IPCom did not contribute the accused technology. We are
8 not going to do that. But one of the things the defendants
9 can always say, and they should be able to say in this
10 case, is that they did not copy the accused technology but
11 rather was independently developed. And in this case, the
12 accused technology is largely the technical standards that
13 were not developed by IPCom, and they were developed in
14 many respects by some of the defendants to this case. And
15 we believe that's relevant to the question of willfulness
16 as to not copying. It's also relevant to rebutting IPCom's
17 secondary considerations of nonobviousness.

18 JUDGE GILSTRAP: There's not an affirmative
19 allegation of copy made by the plaintiffs in this case, is
20 there?

21 MR. MATHEWS: No.

22 JUDGE GILSTRAP: Why do you need to rebut what's not
23 been asserted?

24 MR. MATHEWS: Several reasons. They, one, argue that
25 our conduct is willful. The fact that we did not copy

1 their technology is evidence that our conduct was not
2 willful. Number 2, they argue that their inventions are
3 not obvious. One factor is whether copying was involved,
4 and there was no copying here.

5 And so, again, we have no intention whatsoever to
6 argue that we don't infringe due to development, but we do
7 you think that the fact, just the mere fact of how the
8 accused technology was developed, that it was independently
9 developed separate and apart from IPCom is relevant and
10 should be fair game.

11 JUDGE GILSTRAP: Well, answer this for me.

12 Are you intending to stop with the factual assertion
13 that IPCom did not help develop the standard, or are you
14 going to take the next step and say, But all these innocent
15 defendants over here did help develop the standard, and,
16 therefore, they haven't done anything wrong?

17 MR. MATHEWS: Yes, so we will not say that. What we
18 will say are the simple facts of how the accused technology
19 was developed.

20 JUDGE GILSTRAP: Well, I have no problem with the
21 fact being portrayed to the jury, and I don't think there's
22 any real dispute, that the plaintiff did not help formulate
23 or contribute to the development of the standard. And I
24 think that's fair game.

25 I think going beyond that as to who did develop the

1 standard and -- once you go beyond that plaintiff did not
2 develop the standard, then I think you are starting down
3 the slippery slope of, "And we did, and, therefore, we
4 don't infringe," and all kinds of possible implications and
5 innuendo that might confuse the jury.

6 I'm -- I'm not opposed, and I have no problem with
7 evidence being presented that shows that the plaintiff did
8 not develop the standard. If you're going to go beyond
9 that, and we're going to get into a big discussion of who
10 did and what is the standard and who contributed to it, and
11 why is it valuable, then I think I need an explanation in
12 advance of that happening.

13 MR. POWERS: Fair enough, Your Honor. Completely
14 understood. One point we will make is that certain of the
15 parties' own standard development documents is asserted
16 prior art discussed in expert reports in this case. It's
17 our presumption that that would be carved out from the
18 scope your MIL ruling, given that it was disclosed in the
19 reports.

20 JUDGE GILSTRAP: Absolutely.

21 MR. POWERS: Okay.

22 JUDGE GILSTRAP: I'm not trying to limit the expert's
23 reports by a MIL ruling.

24 So I'll deny the motion as to the fact that IPCom did
25 not contribute to the standard or help develop the

1 standard. I'll grant the motion to the extent there's a
2 discussion of the standard beyond that fact, and I'll
3 expect defendants to seek and obtain leave before they go
4 further than that. And this ruling does not impact and is
5 not intended to impact the existing scope of the experts'
6 reports.

7 MR. MATHEWS: Thank you, Your Honor.

8 JUDGE GILSTRAP: Okay?

9 MR. FISHER: Your Honor, may I just ask one
10 clarification on that?

11 JUDGE GILSTRAP: You may.

12 MR. FISHER: So having tried a similar case before
13 here with Nokia with different counsel, and with -- not
14 with Nokia -- with Ericsson, and having heard in opening
15 how they have all these patents that cover the standard and
16 how they made the standard and how our folks weren't there,
17 and implying, really, an opening, that from the very
18 beginning of the case that they're better than us because
19 they were at the standards body, and we weren't, and,
20 therefore, the products can't possibly infringe the IPCom
21 patents. I just want to make sure that we don't get into
22 that in the opening before we can deal with it in limine,
23 and everything else, because it is a major theme that
24 they've -- that they have tried to run in prior cases, and
25 it's very dangerous and unfair.

1 JUDGE GILSTRAP: Well, the Court's limine rulings
2 don't -- aren't limited to only witness testimony. They're
3 limited to any statements before the jury, whether it's
4 opening statement, closing argument, direct or
5 cross-examination.

6 If you're going to communicate to the jury something
7 that runs afoul of one of my MIL rulings in any way, in any
8 context, you need to do so and get leave from me before you
9 do it. A MIL can be violated in opening statement just as
10 easily as it can with a witness on the witness stand, in my
11 view.

12 MR. FISHER: Thank you, Your Honor. I just wanted
13 that on the record so we don't have a problem later.

14 JUDGE GILSTRAP: All right. Let's go to plaintiff's
15 MIL No. 11. Is this the empty chair argument, Counsel?

16 MR. BLACK: Yes, Your Honor. My chair was empty.
17 Yes, it's the empty chair argument, and I think we've ran
18 around on that. We don't have a stipulation from the
19 defendant yet, so...

20 JUDGE GILSTRAP: Defendant, why should you be free to
21 try the empty chair?

22 MR. MATHEWS: So we don't intend to try the empty
23 chair, but we do have --

24 JUDGE GILSTRAP: Probably an empty German chair.

25 MR. MATHEWS: It's certainly an empty German chair

1 at the moment. Yeah, that's right.

2 So the issue we have is this. There is factual
3 testimony that IPCom's damages experts rely upon from Mr.
4 Christoph Schoeller who is a witness in this case. And the
5 damages experts rely on Schoeller's testimony to support
6 this proud patent list that you've heard a little bit
7 about. And the problem we have is that when we deposed Mr.
8 Schoeller, he testified that he actually wasn't involved
9 with this directly. So we asked Mr. Schoeller, "Do you
10 have an understanding as to how the patents that were
11 selected for presentation to potential licensees were
12 selected by IPCom?" Again, this is the proud patent list,
13 the crux of their damages model. He says no. And then the
14 follow-up question is, "Is it your testimony that it was
15 Mr. Frohwitter who is primarily responsible for identifying
16 the patents that IPCom wanted to highlight?" And he says
17 yes. And so we think this is very fair game for
18 cross-examination.

19 The fundamental input to their damages model is
20 testimony from someone who lacks personal knowledge. And
21 the one person that he points to is the person who's not
22 here. And so that's the challenge we have, and I'm sorry
23 to keep re-urging this issue, really, to Mr. Frohwitter,
24 but it is important given how central he is and what
25 they've done here with their damages model. And that's the

1 basis for our opposition.

2 JUDGE GILSTRAP: Let me ask this question. Every
3 witness is presumed to be testifying based on their own
4 personal knowledge, unless they're an expert. It's one
5 thing to show a witness doesn't have personal knowledge;
6 it's another thing to show where that knowledge is
7 reposed that the witness doesn't have within their own
8 personal knowledge.

9 I have no problem showing any witness who says they
10 don't know, and they don't have personal knowledge of a
11 matter, don't have personal knowledge of a matter, and
12 that's completely fair. Why is it important to then go the
13 next step and say, But the person who does have personal
14 knowledge is over there in Germany and won't cross the
15 Atlantic to come over here and stand up for himself?
16 That's where it gets to be a problem, Mr. Mathews.

17 MR. MATHEWS: And I agree, Your Honor. What you just
18 described may be a step too far, but the issue here is that
19 --

20 JUDGE GILSTRAP: Oh, I'm describing what I'm afraid
21 might happen from your side of the case.

22 MR. MATHEWS: I understand, Your Honor. The issue we
23 have is this an issue that's going to permeate several
24 witnesses. It's not just Mr. Schoeller. The experts rely
25 on Mr. Schoeller. They talk about this proud patent list

1 extensively. They use it as the linchpin for their model.

2 What I'm concerned about with this motion in limine
3 is that we are going to lack the ability, and we're going
4 to be constrained and what is, I think you would agree,
5 fair game cross-examination regarding an improper input to
6 a damages opinion. And that's what we'd like to get into.
7 Where the line draws in terms of, you know, the actual
8 person who did that isn't here, whether that's permitted or
9 not, that's an open issue. We think that's fair game in
10 the context of everything that's happened, but we certainly
11 want to make clear that we should be allowed in the damages
12 case to talk to the expert of IPCOM to make clear that its
13 input, the input they're using, is not based on anything
14 with personal knowledge.

15 JUDGE GILSTRAP: Well, I mean, as you understand,
16 many times expert witnesses testify about things based on
17 what they've been told by other people, and they don't have
18 personal knowledge of it, but they've been told X, Y, and
19 Z, they run their analysis, and they come up with an
20 opinion that X, Y, Z is either terribly bad or wonderfully
21 good. So they don't have personal knowledge almost by
22 definition.

23 MR. MATHEWS: And what we have, Your Honor, is two
24 layers of that. Right? We have an expert asking for tens
25 of millions of dollars sitting on the stand whose only

1 input is a fact witness who doesn't have personal
2 knowledge. And that fact witness says the only person who
3 does is Mr. Frohwitter.

4 JUDGE GILSTRAP: Well, I'm not going to preclude you
5 from showing that a witness has testified about something
6 they have no personal knowledge of. That's fair. I'm
7 going to require you get leave of the Court before you go
8 on to identify who does have the personal knowledge that
9 the witness doesn't have.

10 MR. MATHEWS: Understood.

11 JUDGE GILSTRAP: And you'll have to justify that
12 before you go into that.

13 MR. MATHEWS: Okay. Thank you, Your Honor.

14 JUDGE GILSTRAP: All right. That, I think,
15 accurately, Counsel, would be a grant as clarified in the
16 record.

17 All right. Plaintiff's MIL No. 12.

18 MR. MATHEWS: Defendants' opposition to MIL No. 12 is
19 withdrawn.

20 JUDGE GILSTRAP: MIL 12 -- plaintiff's MIL 12 is
21 granted. All right.

22 That brings us to defendants' motions in limine.
23 Let's start with No. 1.

24 MR. ACHEY: Good afternoon, Your Honor. Wes Achev
25 with Alston & Bird representing Nokia again.

1 JUDGE GILSTRAP: Yes, sir.

2 MR. ACHEY: MIL No. 1 seeks to prevent the parties
3 from discussing the fact that an expert has worked for a
4 party in the past recurrently. I think MIL No. 1 was also
5 styled as to relating to law firms, but my understanding is
6 that IPCom has agreed that the parties will not discuss
7 experts' prior work for law firms, so what we're really
8 talking about here with this MIL is experts' work with the
9 parties in the case.

10 And particularly this relates to Dr. Chrissan who
11 you've heard about who does the grading and the
12 comparability analysis. We believe that allowing IPCom to
13 discuss the fact that Dr. Chrissan has worked and is
14 working for Nokia is irrelevant and will be confusing and
15 prejudicial.

16 JUDGE GILSTRAP: Let me ask you this, Counsel. Give
17 me some idea of the extent of what we're talking about.

18 Has Dr. Chrissan worked for Nokia two or three times,
19 or has he worked for Nokia 50 or 60 times?

20 MR. ACHEY: Sure. One time, is my understanding, and
21 he is -- he's been retained in the context of being a
22 source code reviewer. So it's very different, and what
23 we're concerned about is that somehow IPCom uses the fact
24 that he's retained by Nokia to somehow imply that he is
25 doing the same type of grading system comparability

1 analysis that we're attacking in this case. We -- and so
2 in order to rebut that, we're going to have to go into
3 exactly what he's doing, what he's not doing, and we think
4 it will turn into a sideshow that will, frankly, waste
5 time, create jury confusion, and -- and then --

6 JUDGE GILSTRAP: Is he doing for Nokia in the other
7 case anything similar to what he's doing for Nokia in this
8 case?

9 MR. ACHEY: He is not, Your Honor.

10 JUDGE GILSTRAP: Well, without going into all the
11 details and creating a sideshow, why can't it clearly be
12 shown, "How many times have you worked for Nokia before?"
13 "Once." "Did you do anything for them in that case similar
14 to what you're doing for them in this case?" "No." And
15 then we go on down the road. What's the problem with that?

16 MR. ACHEY: That is one way to do it, but --

17 JUDGE GILSTRAP: I don't intend to let something
18 become a sideshow that doesn't need to become a sideshow.
19 But, I mean -- and from the other side of the coin,
20 plaintiffs, I don't see any real great probative value to
21 pointing out that a witness has worked for an opposing
22 party once before, unless you've got a whole lot more than
23 one time.

24 Now, if they did exactly there what they're doing
25 here, and there's some implication that it's just a cookie

1 cutter, Take my money, sign my name, and give you the same
2 thing I gave you before, that may be different, if it goes
3 to the credibility. But if defense counsel's
4 representation's correct, that the work previously is not
5 of a similar type as the work at present, I don't see how
6 having done it once before if really probative of anything.

7 Why don't you tell me what plaintiff's view is?

8 MS. GAGLIARDI: Sharon Gagliardi, Your Honor, for
9 IPCom.

10 JUDGE GILSTRAP: Yes, ma'am.

11 MS. GAGLIARDI: The MIL would cover other experts
12 besides Dr. Chrissan. Dr. Wicker, for instance, has
13 testified, my understanding, is eight times prior for AT&T.
14 I think it's probatively -- it's discussed for lack of bias
15 and for his qualifications. And defendants' opposition to
16 plaintiffs' MIL 6, for example, they say that, you know,
17 Dr. Chrissan's bought and paid for. Great. You know, they
18 tend to talk about him and say he's a hired gun.

19 And so to show a lack of bias, we do think it's
20 relevant to show his expertise and how he's --

21 JUDGE GILSTRAP: So is your response if Dr. Chrissan
22 is a hired gun, then Dr. Wicker is a hired arsenal? Is
23 that your -- is that your reply? I mean, two wrongs don't
24 make a right here. I understand the MIL is broader than
25 just Dr. Chrissan, although Dr. Chrissan seems to be the

1 main topic of the discussion in the briefing on the MIL.

2 What other experts do you think fall into this
3 category where they've repetitively been retained by either
4 plaintiff or any of the defendants?

5 MS. GAGLIARDI: Dr. Wicker has been this defendant's
6 expert. He's been eight AT&T infringement cases before.

7 JUDGE GILSTRAP: Okay. And that's eight out of how
8 many?

9 MS. GAGLIARDI: I have no idea.

10 JUDGE GILSTRAP: I mean, you-all are fighting about
11 something that in all reality is probably not going to
12 register high on the jury's radar screen.

13 If there's a reasonable basis, even if it's somewhat
14 tenuous, to show that the witness has a bias, I think
15 that's fair game. But there's got to be some basis, and at
16 least with Dr. Chrissan, having worked for Nokia once
17 before is no real reasonable basis to say he's biased
18 toward Nokia. And I'm not sure --

19 MS. GAGLIARDI: No, we're trying -- we're trying to
20 show lack of bias.

21 JUDGE GILSTRAP: Well, whichever way the knife cuts.
22 In other words, you know, this is -- this is one of these
23 is good for the goose, good for the gander situations.
24 Eight times for AT&T, that -- you know, I don't know what
25 -- I don't know what the overall likelihood that that

1 creates some kind of bias is. I know Dr. Wicker's probably
2 testified many times more than eight times in this
3 courtroom, and he's a very active expert witness. I would
4 be surprised if eight times is any kind of a major part of
5 his background and experience.

6 I tell you what let's do. I'll grant this, and I'll
7 make it mutual to both sides and all parties, and if
8 anybody's going to ask an expert witness how many times
9 they worked for the -- how many times they worked for the
10 other side, come up and show me that there's some
11 reasonable basis to think it might make a difference.
12 Otherwise, to be honest with you, it probably makes you
13 look worse trying to bring it up than it helps you. And
14 that goes for both sides.

15 If there's something there, there's something there.
16 But trying to show there's something there when there's not
17 something there is usually fairly counterproductive.

18 But if you think you've got a basis to show that the
19 past history of the opposing party's expert that you want
20 to cross-examine shows bias, come tell me why you think
21 there's a basis for that before you go into it with the
22 witness. And that's -- that's good for the plaintiff, and
23 it's good for the defendants. We'll all play by the same
24 rules. Clear?

25 MS. GAGLIARDI: Yeah, I think we were trying to

1 affirmatively say that our expert is not biased because of
2 his work.

3 JUDGE GILSTRAP: Well, you know, if -- if I let
4 somebody through the door to try and show that there is,
5 I'm certainly going to let you go back the other way. But
6 what I'm trying to say is, before the first person goes
7 through the door in either direction, show me there's some
8 basis for it.

9 MR. BLACK: I just want to be clear, Your Honor. The
10 -- the -- for Dr. Wicker, I understand what you're saying.
11 We choose -- choose that. We may want to cross him and
12 say, "You always represent people who will have patents
13 rather than the other side," something like that. That's
14 pretty common. The issue with Dr. Chrissan, which I think
15 has some concern, is they -- they go after Dr. Chrissan and
16 they try to show he doesn't know what he's talking about,
17 he's not good technically, he shouldn't be doing this
18 analysis, but we --

19 JUDGE GILSTRAP: And you want to show he was good
20 enough to work --

21 MR. BLACK: Yeah.

22 JUDGE GILSTRAP: -- for Nokia once before.

23 MR. BLACK: And that's it. It would only be in
24 rebuttal. Rehabilitation.

25 JUDGE GILSTRAP: Well, let's see -- let's see if they

1 open that door. If they really do make it look like he's a
2 fumbling idiot, and you want to show he was good enough to
3 be their fumbling idiot in an earlier case, I'll probably
4 let you. Just depends on how far they go. But both sides
5 are excluded from going into the number of times any
6 experts worked for either a law firm or a party in the case
7 without prior leave. And a showing at the bench that
8 there's some reasonable basis to go into that. And I
9 promise you, folks, I'm helping you here. Keep you --
10 keeping you from hurting yourselves by doing something
11 dumb, by making you come show me that there is some
12 reasonable basis for this before you just jump out there to
13 do it. All right. That's defendants' MIL No. 1.

14 Let's go to defendants' MIL No. 2. MIL No. 1 is
15 granted, and is made mutual.

16 MR. STEVENSON: Ted Stevenson for defendants.

17 JUDGE GILSTRAP: Yes, sir.

18 MR. STEVENSON: This motion in limine goes to license
19 agreements that have been entered into by others in the
20 industry, particularly the DT, but not only DT with IPCom.

21 Our argument is that the plaintiff's counsel
22 shouldn't be able to argue or insinuate that because others
23 in the industry have taken licenses, that that in any way,
24 shape, or form means that the defendants in this case
25 infringe the patents.

1 I think they agreed to that part of it, but then they
2 might want to make an end run on it, and I think the
3 argument's going to be about the potential end run. And in
4 particular, what I think the -- in our meet and confers and
5 in the briefing, IPCom's counsel wants to go into is that
6 T-Mobile practices or infringes the licensed patents, and
7 T-Mobile, of course, is a beneficiary of the Deutsche
8 Telekom, they're an affiliate in the U.S. of Deutsche
9 Telekom who they would then say needed a license and had to
10 get a license, and they inferences the patents, and by the
11 way, they all do the same thing of the other carriers, and
12 we think that's an unfair argument.

13 First of all, there's no evidence whatsoever in the
14 record that T-Mobile meets the elements of any of the
15 patents, claims, and suit. Even if they did, it would be
16 utterly and completely irrelevant. There were some stray
17 statements and expert reports about interoperability, and we
18 don't have any objection to saying that a benefit of
19 standards is interoperability. That's fair game. But I
20 don't think it should be allowed to be said that because
21 T-Mobile necessarily needs a license and infringes the
22 patents, and they have the same equipment or the same
23 equipment vendors as AT&T or Verizon, we can just short
24 circuit the infringement analysis here and infer or, you
25 know, kind of get one step ahead of the game that it must

1 also be the case that AT&T and Verizon infringe.

2 JUDGE GILSTRAP: What do plaintiffs say in response?

3 MR. FISHER: Thank you, Your Honor. Michael Fisher
4 for IPCom.

5 So the issue here is not that we plan to use the
6 third party licenses to insinuate that defendants
7 infringed. As counsel correctly pointed out, we already
8 have a MIL on that. MIL -- agreed MIL 14. "No party or
9 witness shall offer any evidence, testimony, argument, or
10 suggestion that the existence of a license implies that the
11 defendants or intervenors infringe the asserted patents."

12 The problem here is that they're going too far by
13 trying to preclude us from entering evidence in testimony
14 that other players in the industry licensed the patents.
15 They say it's not relevant, but, in fact, it's directly
16 relevant to the value of the patents.

17 You know, we've got several licensees, we've got
18 T-Mobile that actually practice the license patents, and
19 that shows the importance and value of those patents to --
20 to the rest of the industry. And it's not enough just to
21 say that they're licensed; it actually has a lot of value
22 that they're actually using the technology. So our view is
23 that that should be -- that should be fair game. And as I
24 said, defendants are protected by agreed MIL 14 which would
25 preclude us from going beyond that. Thank you.

1 JUDGE GILSTRAP: Do you have anything further, Mr.
2 Stevenson?

3 MR. STEVENSON: Your Honor, there is no evidence
4 whatsoever that T-Mobile is actually using any claim of any
5 asserted patent in this case, or, in fact, in the entire
6 portfolio of many hundreds of patents that was licensed by
7 DT. It just doesn't exist. And so to substitute, well,
8 they're practicing but they're using the technology because
9 they're also a cellular carrier, I think that's where the
10 unfairness is.

11 JUDGE GILSTRAP: Well, just for my own purposes, I
12 gather we're not talking about plaintiffs saying, "We have
13 these patents, and here's a long list of all the big
14 important companies in the world that have all come to our
15 doorstep and taken a license except AT&T and Verizon and
16 Nokia and Ericsson, and they haven't, and they're holding
17 out, and they're getting the benefit of our, you know,
18 patent to technology without paying for it, just like all
19 these other big carriers did. That's not what we're
20 talking about.

21 MR. STEVENSON: Well, I -- I think -- I don't think
22 that's the argument I'm talking about. I would object to
23 that argument as an unfair characterization. That's
24 basically saying, Everybody in the industry infringes, and
25 they do the same thing as these companies that we're now

1 suing in this case, so go ahead and find against them. And
2 I don't think that's the case. They have an agreement, a
3 license agreement, with a German company who included their
4 U.S. affiliate, and there's no proof of what patents or
5 even that they're using the same technology. What Your
6 Honor will see in this case is that even between AT&T and
7 Verizon there were differences in how the technology is
8 implemented. Different infringement cases.

9 So I think that argument, if that were made, I would
10 probably stand up and object to it. But I think they also
11 want to go one step further, which is to say this is all
12 interoperable, everybody does the same thing. Hint, hint,
13 you don't really need to pay that much attention to our
14 technical proof because other companies have already
15 conceded they infringe the patents-in-suit. You can't
16 conclude that when there is a portfolio license covering
17 hundreds of families that these five patents-in-suit have
18 anything to do with that.

19 JUDGE GILSTRAP: Plaintiff apparently says in their
20 briefing that their expert opines about interoperability.

21 MR. STEVENSON: Correct.

22 JUDGE GILSTRAP: And that the industry as a whole
23 implements the accused methods in the same fashion. If
24 that's in the expert's report, why are we hearing about
25 this at a MIL stage instead of a Daubert motion?

1 MR. STEVENSON: There are three sentences in the
2 report, and they cite them in their brief. Three sentences
3 only, in which they say -- in relation to the SMS
4 technology, this is something that is done in the industry.
5 What they say is, the SMS bearer, like this -- that's the
6 short text message, is used as a bearer for the M
7 notification signal. Right? That's what they say. That
8 doesn't get to whether the claim is infringed. Because as
9 Your Honor found, it has to be put into the bearer in
10 native format. They don't get into that. So we have these
11 straight sentences and literally hundreds of pages of
12 expert reports that say, The industry does this. It's for
13 interoperability. I don't have any problem with
14 interoperability. Where I think the line ought to be drawn
15 is, though, it's not an inference of infringement, and it
16 shouldn't be hinted about or implied or argued that because
17 other patent -- because other companies who do business in
18 the United States, their parents have taken a patent
19 license in Germany, that that somehow means that they're
20 doing the same thing that the defendants in this case are
21 doing, and it's an inference of infringement. I think that
22 would be a very incorrect and unfair argument to make.

23 JUDGE GILSTRAP: What's your view on this earlier
24 agreed MIL, and is this duplicative of that?

25 MR. STEVENSON: No, it goes one step further. So the

1 agreed MIL was what we were able to reach agreement of, but
2 this one goes to, I would essentially say the end run, the
3 inferential end run, around the agreed MIL, that, you know,
4 you can't go and connect the dots for the jury by saying --
5 and making the argument that I just foreshadowed to the
6 Court.

7 JUDGE GILSTRAP: All right. So what you're asking me
8 to preclude is that final step that you're concerned about
9 that not only are the licenses going to be discussed, and
10 not only is there going to be whatever the testimony in the
11 experts' reports about interoperability is, but what you're
12 concerned about is going one step beyond that and saying,
13 And because of these things, defendants infringe.

14 MR. STEVENSON: Yes. Or making that implication,
15 yes.

16 JUDGE GILSTRAP: What else from the plaintiff on
17 this?

18 MR. FISHER: Your Honor, this end run, or the hint,
19 hint that defendants are talking about is something that
20 we're not going to do. We can't do. There's a MIL
21 preventing us from doing it. In fact, the extra -- the
22 expanded MIL that defendants seek is actually the thing
23 that goes too far because it blocks us from introducing
24 highly relevant evidence of the value of these patents.
25 They want to prevent us from even talking about third

1 parties who thought that these patents were important
2 enough and valuable enough not just to take a license, but
3 to actually practice the -- practice the technology, thus
4 showing its value to the industry.

5 JUDGE GILSTRAP: Well, I mean the MIL as proffered,
6 Counsel, says that the plaintiff should be constrained from
7 showing that the licenses cannot be used to imply
8 infringement. I take it you don't have any problem with
9 that, and you're not going to try to say that the license
10 is being taken and used mean that these defendants are
11 infringing them.

12 MR. FISHER: That's exactly right, but the MIL has
13 two parts. You see, it's -- IPCom can't use the third
14 party licenses to imply infringement by defendants or the
15 licensees.

16 Now, of course, the licensee doesn't infringe, but I
17 think the implication of this MIL here is that they don't
18 even want us to talk about the -- the implication that the
19 -- the willingness of the licensees to actually enter into
20 the license shows -- shows their importance. So they're
21 trying to sort of roll everything all in together by
22 include -- by sort of including both parts of the
23 defendants and the licensees. Then it's the licensee's
24 part that we take issue with.

25 JUDGE GILSTRAP: All right. All right.

1 MR. FISHER: Thank you.

2 JUDGE GILSTRAP: Well, as to use of the licenses to
3 imply infringement attributable to the defendants in this
4 case, I'm going to grant that. But that's a very narrow
5 ruling, and it's not intended to keep out license
6 agreements or to keep out evidence that other parties
7 besides the defendants practiced this technology pursuant
8 to those licenses, but it is a clear directive by this
9 Court that you're not going to say the licenses and their
10 use by others implies that the defendants in this case are
11 infringing the asserted patents.

12 And I'll just have to hear the evidence, and if this
13 comes up during the trial, I'll see you at the bench, and
14 we'll talk about it. I'm not trying to tie the plaintiff's
15 hands. I am trying to keep somebody from going off the
16 reservation and trying to use the existence of licenses and
17 the use of them by licensees to show that these defendants
18 are ipso facto infringing the asserted claims. That's not
19 in any way intended to limit the plaintiffs from showing
20 what the value of their patented technology is. All right?
21 So this is granted with those clarifications.

22 All right. Number 3, defendants -- this is
23 unopposed, I hope, or is it not?

24 MR. MATHEWS: Yeah, 3 is not opposed. It's agreed
25 MIL. I corrected that.

1 JUDGE GILSTRAP: I'll grant defendants' 3 that the
2 defendants' overall profits and revenues are excluded
3 without prior leave of the Court.

4 All right. Number 4.

5 MR. MATHEWS: And if I'm not mistaken, I believe this
6 is the last motion of the day, so I'll try to make it
7 quick.

8 Your Honor, we filed this MIL out of an abundance of
9 caution in light of the testimony from one of IPCom's fact
10 witnesses, Christoph Schoeller, that he presented during
11 his deposition. We laid out the quotes on pages 9 and 10
12 of our opening brief, but, you know, he had strong opinions
13 about the fact that AT&T should pay more than Deutsche
14 Telekom because they are in litigation ten years after the
15 DT deal. He offered opinions about treble damages, etc.

16 We have no problem, of course, with fact witnesses
17 talking about facts, but opinions should not be fair game,
18 and just so everyone's on the same page, we'd like to get a
19 MIL in place so that all witnesses are instructed that they
20 should not be opining or offering opinions on
21 damages-related issues.

22 JUDGE GILSTRAP: So in other words, you want me to
23 grant a MIL that the parties and the witnesses should
24 comply with the Federal Rules of Civil Procedure. I mean,
25 those rules are there, and if somebody attempts to testify

1 beyond their personal knowledge, or if a fact witness
2 attempts to opine on a matter, I would expect -- I mean,
3 what's the difference between you jumping up and saying you
4 violated the MIL instead of saying you violated the Rules
5 of Civil Procedure?

6 MR. MATHEWS: It's a fair point.

7 JUDGE GILSTRAP: I mean, the safeguards are there.

8 MR. MATHEWS: It's a fair point, Your Honor. I guess
9 our concern is this was not agreed to, for whatever reason.
10 And, you know, IPCom has talked a little bit in their
11 opposition about what they -- they would like to do. Some
12 of it we're okay with. But they also say, "Hey, we should
13 be able to talk about IPCom's internal views as to the
14 similarities of companies and their businesses at a
15 hypothetical negotiation." That's on page 9 of their
16 brief. We think that's too far, and that's really the
17 cause for the MIL. And especially in light of their
18 opposition. But, generally, we agree, Your Honor. We
19 think the rules do preclude that sort of testimony.

20 JUDGE GILSTRAP: Well, you know, I've been known many
21 times to deny motions in limine under the basis of follow
22 the rules. And if somebody can show me why the rules don't
23 provide adequate protection here, I'm happy to fashion a
24 limine order that covers that gap. I'm just not persuaded
25 there's a gap in coverage here.

1 Does plaintiff have anything to add to this
2 discussion?

3 MR. BLACK: No, I think you're exactly right, Your
4 Honor. The function of the MIL is to make sure that
5 anything that might poison the jury that you can't take
6 back is dealt with before rather than after. But basic
7 issues like whether a question's a fact question or opinion
8 question, they just have to be taken up one by one.

9 He suggested that we have a MIL and then inform all
10 the witnesses not to give opinions. And then Your Honor
11 immediately jumped in and said, Well, the Federal rules
12 deal with that, but our witnesses don't know what the
13 federal rules are.

14 JUDGE GILSTRAP: No, but the lawyers know what the
15 Federal Rules are.

16 MR. BLACK: Right. But we don't always know what the
17 witnesses are going to say. So we know if we ask a
18 question, Mr. Mathews is very experienced, and he will know
19 that that question he's asked is completely inappropriate
20 because he's asking the fact witness for an opinion. And
21 I'll object, or maybe visa versa, and we'll deal with it
22 then. I don't think we need a MIL.

23 MR. MATHEWS: And that's probably fine, Your Honor.
24 One thing I will say is, Mr. Schoeller, I believe, is not
25 currently an IPCom employee. In his deposition he had a

1 tendency to volunteer information that was not within the
2 scope of the question, so if a specific instruction were
3 made to Mr. Schoeller, I think that would help things.

4 MR. BLACK: We'll work with Mr. Schoeller, and I did
5 see the part where he was going on about the wonderful
6 nature of treble damages in the United States patent system
7 for local infringers. We'll make sure he's not under that.

8 JUDGE GILSTRAP: Suggest to him he should not go on
9 about that in front of the jury.

10 MR. BLACK: I will. We will do our very, very best
11 if he comes.

12 JUDGE GILSTRAP: And for the benefit of everybody
13 present, if there are witnesses who tend to want to
14 volunteer beyond the scope of the question asked, my
15 practice is not for you to try and manage them, but look at
16 me and say the witness is nonresponsive, and I will manage
17 the witness.

18 So if somebody wants to start volunteering
19 information that's not called for, until -- until you
20 exercise that option of asking the Court to grant an
21 objection that the witness is nonresponsive, you're at your
22 own peril. But I'm happy, and I'm -- I have no hesitancy
23 about reigning a witness in that wants to just take off and
24 keep running. But that's up to you to raise that with me
25 when it happens and not -- I don't want any of this, Well,

1 Mr. Smith, I didn't ask you that. If you think the witness
2 nonresponsive, you raise it with the Court, and the Court
3 will address it. Okay?

4 MR. BLACK: Yes, Your Honor.

5 MR. MATHEWS: Thank you, Your Honor.

6 JUDGE GILSTRAP: All right. Defendants' MIL No. 4 is
7 denied. All right. Those appear to be all the disputed
8 motions in limine. We've covered the disputed dispositive
9 motions. That leaves the third leg of the stool being the
10 pre-admitted exhibits.

11 It's one minute until 5:00 p.m. I'm going to recess
12 for the evening. I'm going to direct the parties to
13 actively meet and confer over the evening with regard to
14 outstanding and disputed exhibits to be pre-admitted, and,
15 hopefully, narrow those significantly, if not completely
16 resolve them.

17 To the extent they are not completely resolved, I'll
18 see you a 9:00 in the morning. If there are categories of
19 exhibits that you cannot resolve despite your meet and
20 confer best efforts by 10:00 this evening, I want an e-mail
21 report to my staff as to those categories that you still
22 have disputes on. And then I may -- well, I want to start
23 with as much information in the morning as possible.

24 Miss Doan, you've been up about three times. I don't
25 know which of these defendants is going to go to trial

1 first. I'll have to tell you that later. I'm told that's
2 what you have on your mind. If it's something else, tell
3 me what it is.

4 MS. DOAN: Your Honor, if you're deciding which one
5 --

6 JUDGE GILSTRAP: I will decide. I have not decided.

7 MS. DOAN: That's fine, Your Honor.

8 JUDGE GILSTRAP: Okay.

9 MS. DOAN: I just wanted to put on the record that...

10 JUDGE GILSTRAP: What else do we need to talk about.

11 MS. DOAN: The only thing, Your Honor, relates to
12 that. Kevin Anderson, our lead counsel, and I are leaving
13 to go to trial in California. It starts next week, and
14 it's set for a month. So we just wanted to make sure the
15 Court was aware of that before you made that decision.

16 JUDGE GILSTRAP: Okay.

17 MS. DOAN: Yeah.

18 JUDGE GILSTRAP: I'll factor that in.

19 MS. DOAN: Yeah. Thank you, Your Honor.

20 JUDGE GILSTRAP: What else, Counsel, before we recess
21 for the evening?

22 MR. STEVENSON: Nothing from defendants.

23 MR. BLACK: Nothing from plaintiffs, Your Honor.

24 JUDGE GILSTRAP: This is one of the most skilled
25 group of advocates I've had in my courtroom in a long time.

1 There is no reason you should come back in here tomorrow
2 morning with a long list of disputed exhibits. You know my
3 practices, you know the Court's view on the Rules of
4 Evidence. You heard my rulings on the substantive matters
5 that have come up today. I'm not expecting a lengthy list
6 of exhibits in the morning, so please use your best efforts
7 on an ongoing basis, with that go in mind. Anything
8 further?

9 MR. STEVENSON: No, Your Honor.

10 JUDGE GILSTRAP: We stand in recess until tomorrow
11 morning.

12 (Wherein the hearing adjourned at 5:00 p.m.)

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C E R T I F I C A T E

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